

# **Employees' Retirement System of the County of Milwaukee**

Fourth Quarter 2006

**MERCER**

Investment Consulting



Marsh & McLennan Companies

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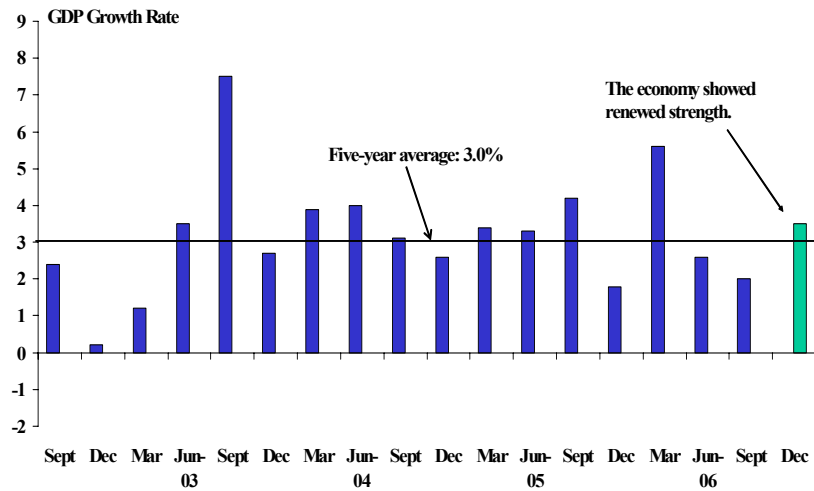
# Market Environment

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# Fourth Quarter 2006 Market Environment

## Economic Profile

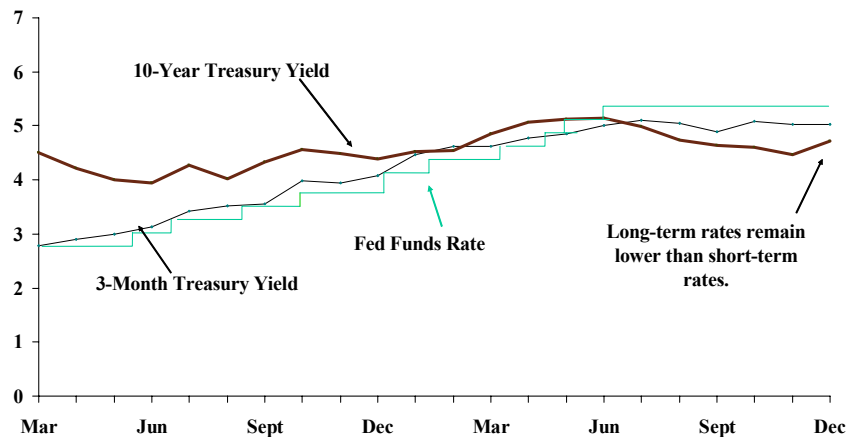
### GDP Growth Rate



- Economic growth picked up during the fourth quarter due to stronger-than-expected consumer spending, solid job creation, and falling energy prices. The initial government estimate of fourth quarter GDP growth was 3.5%.
- Payroll reports showed strong job growth with employers adding about 480,000 new jobs during the quarter. The unemployment rate at December-end was 4.5%, down from 4.9% a year ago.
- Consumer confidence rose in December amid an improved job market and more optimism about the economy. Consumer spending increased at an estimated 3.5% annual rate during the fourth quarter, well above the 2.8% rate in the third quarter. For the year, retail sales were up 6%, slightly below last year's sales growth.
- The housing market remained soft despite stronger than expected home sales in November. Housing starts are down 18% from a year ago and mortgage applications are at their lowest level since August. The average 30-year fixed-rate mortgage hit a high for the year of 6.80% in July, but fell to 6.12% at the end of December.

## Interest Rates and Inflation

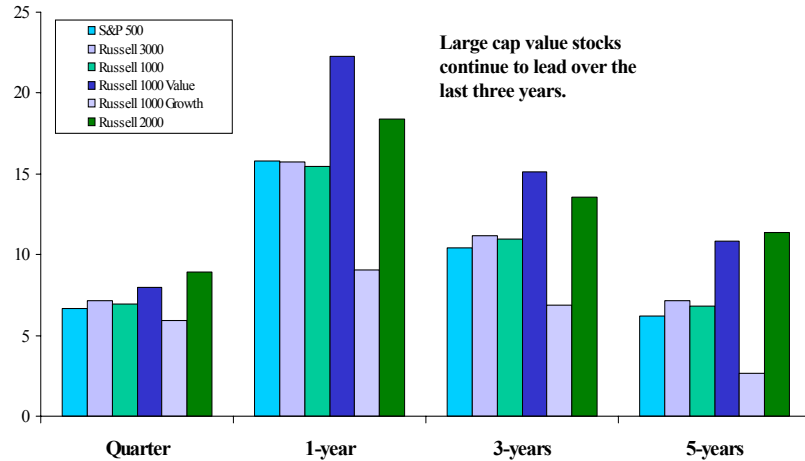
### Treasury Yields



- The Fed kept its short-term interest rate target at 5.25%, where it has stood since late June. Core inflation remains above the Fed's comfort zone, dimming expectations of any near-term easing.
- The yield curve remained inverted with short-term rates higher than long-term rates. At year-end, the 10-year Treasury yield was 4.71%, 32 basis points higher than December 2005, while the 2-year Treasury yield stood at 4.82%, up 41 basis points from a year ago.
- The 3-month T-bill yield increased 94 basis points during the year to 5.02%, while the yield on 30-year Treasuries rose 27 basis points to 4.81%.
- Inflation increased slightly during the quarter due to higher energy prices in December. Overall, inflationary pressures eased during the year as the CPI rose 2.5% in 2006, after a gain of 3.4% in 2005. Core CPI remained fairly tame, increasing at an annual rate of 2.6%.

## Domestic Equity Market Performance

### Market Index Performance



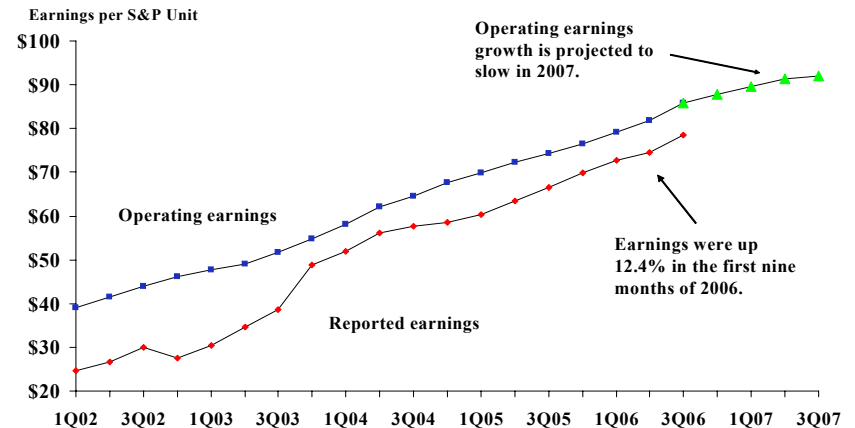
- The stock market delivered strong results, as fears of inflation and more Fed rate hikes diminished. The S&P 500 Index was up 6.7% for the quarter and 15.8% for the year, while the broader Russell 1000 Index gained 7.0% and 15.5% for the same periods.
- Small cap stocks, as measured by the Russell 2000 Index, outperformed mid and large cap stocks during the quarter and year, gaining 8.9% and 18.4% respectively.
- Value stocks outperformed growth stocks across all market capitalizations during the quarter and maintained a solid lead for the year. For the seventh consecutive year large cap value stocks, up 22.2%, outperformed large cap growth stocks, which gained 9.1%.
- The integrated oils and materials & processing sectors posted the best results during the quarter, gaining 15.0% and 10.5% respectively. For the year, oil and utility stocks led, gaining 34.7% and 30.6% respectively.

### Russell 1000 Sector Weights and Returns

Sector	Weight	4Q06 Return	2006 Return
Technology	12.5	5.7	10.6
Health Care	12.0	1.3	6.3
Consumer Discretionary & Services	13.2	8.7	11.9
Consumer Staples	7.1	5.1	16.2
Integrated Oils	5.9	15.0	34.7
Other Energy	3.1	6.8	2.7
Materials & Processing	4.0	10.5	18.4
Producer Durables	4.5	6.8	15.9
Autos & Transportation	2.3	4.9	12.4
Financial Services	23.5	7.2	19.4
Utilities	7.8	9.4	30.6
Other	4.0	7.2	9.9

Source: Returns and security data for the Russell indices are provided by Russell/Mellon Analytical Services.  
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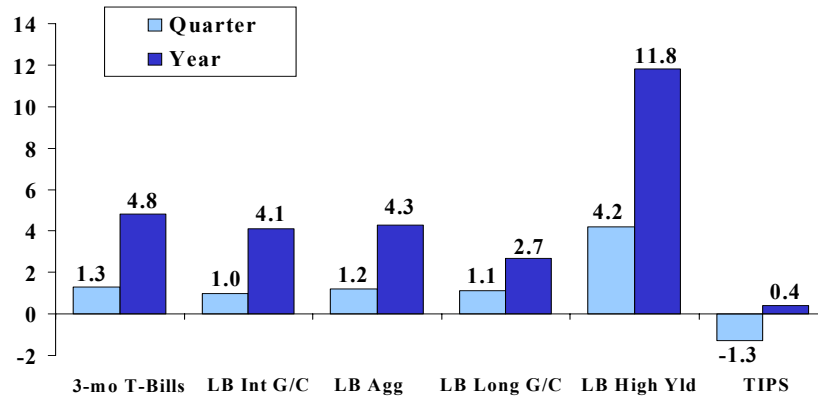
### S&P 500 Trailing 4-Quarter Earnings per Unit



Source: Standard & Poor's

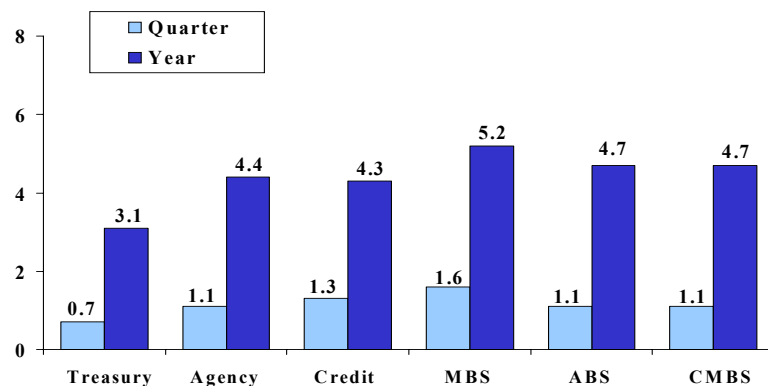
## Fixed Income Market Performance

### Performance by Maturity and Sector

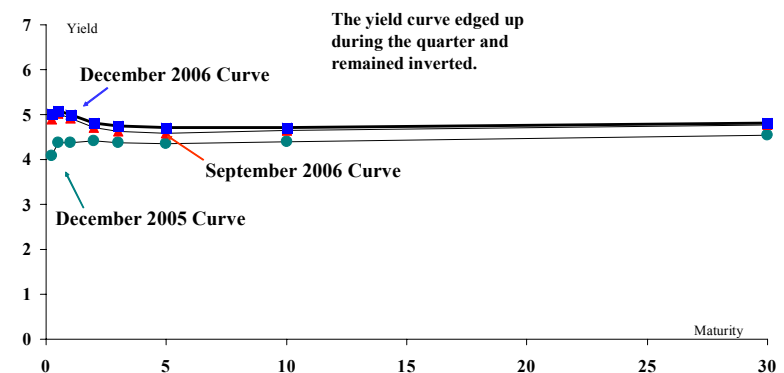


- The investment-grade bond market posted positive results during the fourth quarter as the Lehman Brothers Aggregate Bond Index advanced 1.2%, resulting in a 4.3% gain for the year.
- The Lehman Brothers Treasury Index was up 0.7% for the quarter and 3.1% for the year. Intermediate-term Treasuries outperformed long-term Treasuries over both these periods.
- The Lehman Brothers Credit Index gained 1.3% for the quarter and 4.3% for the year. In general, long-term bonds offered the best results during the quarter, but trailed intermediate-term maturity issues in 2006. By quality, Baa-rated securities fared best during the quarter and year.
- The Lehman Brothers MBS Index was the top-performing sector, gaining 1.6% for the quarter and 5.2% for the year, its strongest annual performance since 2002. Spread tightening, a flatter yield curve, and a decline in volatility helped performance in the second half of 2006.

### Performance by Issuer

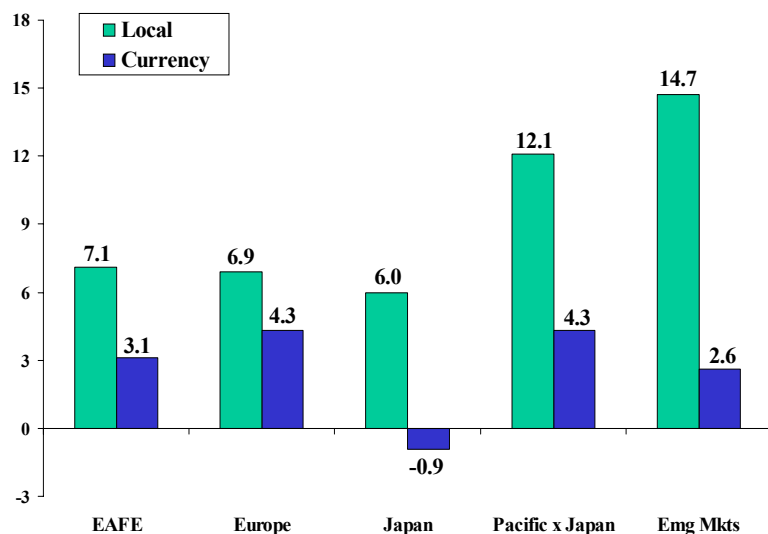


### Treasury Yield Curves



## International Equity Market Performance

### Regional Performance for the Quarter



- International equity markets outpaced U.S. markets during the quarter and year as the MSCI EAFE Index gained 10.4% and 26.9% for these periods. In local currency terms, the Index was up 7.1% for the quarter and 16.9% for the year. In 2006, the U.S. dollar depreciated 11.8% versus the euro and strengthened 0.9% versus the yen.
- The Pacific region, ended the year up 12.5%, following an 8.0% gain in the fourth quarter. The Pacific ex-Japan region returned 16.9% and 33.2% for these periods.
- The European region, up 11.5% for the quarter and 34.4% for the year, posted the best results in the developed markets, helped by a wave of corporate restructuring and improved exports.
- The emerging markets outperformed most developed markets as the MSCI EM Index returned 17.6% in dollar terms for the quarter. For the year, the Index was up 32.6%, led by Latin America, which gained 43.5%. Emerging Europe and Emerging Asia were up 36.6% and 33.2% respectively.

## Other Asset Classes

### High Yield Bonds

- The Lehman Brothers High Yield Bond Index advanced 4.2% during the quarter, resulting in an 11.8% gain in 2006. Overall, yields fell 55 basis points during the year, and spreads narrowed to an average 291 basis points.
- In general, long-term bonds outperformed intermediate-term issues and lower-quality issues outperformed higher-rated securities during the quarter and year.

### Real Estate

- Equity REITs returned 9.5% during the quarter and outperformed U.S. equities for the seventh consecutive year, gaining 35.1%.
- The latest data available for the private real estate market showed a third-quarter gain of 3.5% for the NCREIF Property Index.

### Inflation Indexed Bonds

- Treasury Inflation Protection Securities (TIPS) declined 1.3% during the quarter and gained a mere 0.4% for the year, underperforming Treasuries by 267 basis points.

### International Bonds

- International bonds posted solid results as the Citigroup Non-U.S. Government Bond Index gained 2.1% in U.S. dollar terms in the fourth quarter, resulting in a 6.9% gain for the year.
- The Lehman Brothers Emerging Markets Index was up 3.9% in the fourth quarter, resulting in a healthy 10.0% gain in 2006. High oil and commodity prices and sound debt management helped strengthen economic growth in the emerging markets.



## Market Returns (%) for Periods Ending December 31, 2006

		Qtr	YTD	1 YR	3 YRS*	5 YRS*	10 YRS*
<b>Equity</b>	S&P 500	6.7	15.8	15.8	10.4	6.2	8.4
	Russell 1000 Value	8.0	22.2	22.2	15.1	10.9	11.0
	Russell 1000 Growth	5.9	9.1	9.1	6.9	2.7	5.4
	Russell MidCap	7.7	15.3	15.3	16.0	12.9	12.1
	Russell MidCap Value	8.5	20.2	20.2	18.8	15.9	13.6
	Russell MidCap Growth	6.9	10.7	10.7	12.7	8.2	8.6
	Russell 2000	8.9	18.4	18.4	13.6	11.4	9.4
	Russell 2000 Value	9.0	23.5	23.5	16.5	15.4	13.3
	Russell 2000 Growth	8.8	13.3	13.3	10.5	6.9	4.9
	Russell 3000	7.1	15.7	15.7	11.2	7.2	8.6
	<i>Mercer Large Cap Value Equity Peer Group median</i>	7.6	18.8	18.8	14.1	10.3	11.1
	<i>Mercer Large Cap Growth Equity Peer Group median</i>	5.6	8.2	8.2	8.6	4.6	8.5
	<i>Mercer Small Cap Value Equity Peer Group median</i>	8.9	18.1	18.1	16.5	15.6	14.9
	<i>Mercer Small Cap Growth Equity Peer Group median</i>	7.9	11.6	11.6	11.3	8.6	10.0
<b>Fixed Income</b>	Citigroup Brothers 3-Month T-Bill	1.3	4.8	4.8	3.0	2.3	3.7
	Lehman Brothers Int. Gov't/Credit	1.0	4.1	4.1	2.9	4.5	5.8
	Lehman Brothers Gov't/Credit	1.0	3.8	3.8	3.4	5.2	6.3
	Lehman Brothers Aggregate	1.2	4.3	4.3	3.7	5.1	6.2
	Lehman Brothers Intermediate Government	0.9	3.8	3.8	2.6	3.9	5.5
	Lehman Brothers Long Gov't/Credit	1.0	2.7	2.7	5.5	7.4	7.7
	Lehman Brothers Mortgages	1.6	5.2	5.2	4.2	4.8	6.2
	Lehman Brothers TIPS	-1.3	0.4	0.4	3.8	7.2	—
	Lehman Brothers High Yield	4.2	11.8	11.8	8.5	10.2	6.6
	<i>Mercer Core Fixed Income Peer Group median</i>	1.3	4.7	4.7	4.1	5.5	6.5
<b>International</b>	MSCI EAFE	10.4	26.9	26.9	20.4	15.4	8.1
	MSCI Emerging Markets	17.6	32.6	32.6	31.0	27.0	9.4
	Citigroup Non-US Gov't Bond	2.1	6.9	6.9	2.9	9.5	4.7
	Citigroup Non-US Gov't Bond - Hedged	0.7	3.1	3.1	4.6	4.5	6.3
	<i>Mercer International Equity Universe median</i>	10.7	26.3	26.3	21.0	16.6	10.3
<b>Miscellaneous</b>	NCREIF Property Index**	3.5	17.6	17.6	16.4	12.4	12.5
	FTSE NAREIT	9.5	35.1	35.1	25.8	23.2	14.5
	Merrill Lynch Inv. Grade Convertible	3.8	7.3	7.3	4.1	4.0	6.3
<b>Inflation</b>	CPI	0.0	2.6	2.6	3.1	2.7	2.5

<b>Index at 9/30/06</b>	<b>Dow Jones</b>	<b>NASDAQ</b>	<b>S&amp;P 500</b>	<b>Russell 2000</b>	<b>Wilshire 5000</b>
	11679.07	2,258.43	1335.85	725.59	13383.3
<b>Index at 12/31/06</b>	<b>Dow Jones</b>	<b>NASDAQ</b>	<b>S&amp;P 500</b>	<b>Russell 2000</b>	<b>Wilshire 5000</b>
	12463.15	2,415.29	1418.3	787.66	14257.5

\* Annualized

\*\* The NCREIF Property returns are one quarter in arrears.

## Domestic Equity – Largest Positive & Negative Contributors to S&P

### Domestic Equity - Largest Positive & Negative Contributors to S&P 500

For Periods Ending December 31, 2006

**S&P 500 Quarterly Return = 6.70%**

#### 25 Largest Positive Contributors

Stock	Return (%)	End of Quarter Weight	Cap Rank
EXXON MOBIL CORP	14.68%	3.52%	1
CITIGROUP INC	13.25%	2.15%	3
CISCO SYSTEMS INC	18.83%	1.31%	12
IBM CORP	18.95%	1.15%	14
MICROSOFT CORP	9.55%	2.03%	4
GENERAL ELECTRIC CO	6.20%	3.02%	2
ALTRIA GROUP INC	13.23%	1.42%	10
CONOCOPHILLIPS	21.59%	0.93%	17
CHEVRON CORP	14.18%	1.26%	13
AMERICAN INTL GRP INC	8.40%	1.47%	9
TIME WARNER INC	19.80%	0.68%	28
AT&T INC	10.86%	1.08%	15
MERRILL LYNCH & CO INC	19.36%	0.65%	32
GOLDMAN SACHS GROUP INC	18.06%	0.67%	31
GOOGLE INC	14.58%	0.78%	24
HEWLETT-PACKARD CO	12.48%	0.89%	20
COMCAST CORP	14.87%	0.69%	27
MORGAN STANLEY	12.08%	0.68%	29
BELLSOUTH CORP	10.91%	0.68%	30
HOME DEPOT INC	11.38%	0.65%	33
MEDTRONIC INC	15.48%	0.48%	48
PROCTER & GAMBLE CO	4.20%	1.60%	6
BOEING CO	13.05%	0.55%	42
COCA-COLA CO	8.71%	0.77%	25
MCDONALDS CORP	16.02%	0.43%	53

#### 25 Largest Negative Contributors

Stock	Return (%)	End of Quarter Weight	Cap Rank
PFIZER INC	-7.88%	1.47%	8
MOTOROLA INC	-17.56%	0.39%	58
CORNING INC	-23.35%	0.23%	99
WAL-MART STORES INC	-6.03%	0.89%	19
TEXAS INSTRUMENTS INC	-13.27%	0.34%	67
LILLY ELI & CO	-7.91%	0.40%	56
PEPSICO INC	-3.69%	0.81%	23
ARCHER DANIELS MIDLAND CO	-15.39%	0.17%	142
AMGEN INC	-4.50%	0.63%	35
TXU CORP	-12.64%	0.20%	113
CATERPILLAR INC	-6.33%	0.31%	74
FEDERATED DEPT STORES INC	-11.46%	0.16%	145
MICRON TECHNOLOGY	-19.77%	0.08%	284
ADVANCED MICRO DEVICES INC	-18.11%	0.09%	269
ORACLE CORP	-3.38%	0.54%	44
SANDISK CORP	-19.63%	0.08%	301
WENDYS INTERNATIONAL INC	-32.94%	0.02%	469
MEDCO HEALTH SOLUTIONS INC	-11.10%	0.12%	202
HUMANA INC	-16.31%	0.07%	312
WHOLE FOODS MARKET INC	-20.85%	0.05%	366
GILEAD SCIENCES INC	-5.58%	0.24%	95
BEST BUY CO INC	-7.97%	0.16%	149
ELECTRONIC ARTS INC	-9.81%	0.12%	206
CITRIX SYS INC	-25.30%	0.04%	425
GENZYME CORP	-8.73%	0.13%	195

Data Source: Compustat

Mercer Investment Consulting

Report Date: January 22, 2007

# Executive Summary

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## **Total Fund**

The Employees' Retirement System of the County of Milwaukee was valued at \$1,621.3 million at the end of 2006, an increase of \$101.4 million since the end of the third quarter. The Total Fund gained 5.8% during the fourth quarter, leading the Composite Market Index and the Public Funds Universe median by 20 basis points and 30 basis points, respectively. The fixed income segment performed well during the quarter, led by the Loomis core portfolio. The real estate segment bolstered performance as well, outpacing the index while approximating its peer group median. The domestic equity segment of the Plan dragged on relative results as only Boston Partners and Artisan were able to keep pace with or exceed their respective benchmarks. The international equity portfolio lagged the market during the quarter as both of the large cap managers, GMO and Capital, struggled. The Total Fund produced strong results over the longer time periods measured, leading the Composite Market Index and generally outpacing the Universe median.

## **Market Summary**

Low inflation measures and a stable housing market led to strong gains during the fourth quarter. Oil prices remained steady around \$55 to \$60 after dropping significantly in the third quarter. Prices, as measured by the Consumer Price Index, rose slightly despite continued price declines in transportation and energy. The housing market, as measured by the Housing Market Index, stabilized in the fourth quarter, after 18 months of heavy declines. The Federal Open Market Committee kept federal fund rates steady at 5.25% after halting rate increases in August. The markets experienced gains in the fourth quarter, as the Dow Jones Industrial Average set new record highs.

Consumer prices, including energy and food, rose 0.2% in the fourth quarter and 2.5% for the year. The Producer Prices Index for Finished Goods increased 1.3% for the quarter, leading to a 1.1% gain over the past twelve months. Industrial production declined at an annual rate of 0.5% during the fourth quarter, but increased 3.0% for the year. The Federal Reserve Board reported production capacity utilization was at 81.8% at the end of December, slightly down from 82.0% at the end of September but above the average of 81.0% from 1972-2005. Capacity grew 2.4% during the year. Unemployment rates declined from 4.7% to 4.5% for the quarter and 4.9% to 4.5% for the year.

## **Domestic Equity Market Summary**

The large cap domestic equity market continued to experience strong gains during the fourth quarter, advancing 7.0% as measured by the Russell 1000 Index. All sectors experienced gains in the fourth quarter, but stabilizing energy prices helped integrated oils lead all other sectors for both the quarter and year, at 15.0% and 34.7% respectively. Healthcare posted the weakest returns for the quarter at 1.3%, while other energy was the weakest sector for the year at 2.7%. Small cap stocks led large cap stocks, as the Russell 2000 Index returned 8.9% for the quarter. Value outperformed growth in both small and large cap markets. Finishing a strong year, the Russell 1000 Index returned 15.5%, and the Russell 2000 Index gained 18.4%.

Boston Partners advanced 8.7% during the fourth quarter, leading the Russell 1000 Value Index and the Mercer Large Cap Value Universe median by 70 basis points and 110 basis points, respectively. Boston Partners approximated or exceeded its benchmarks over the longer time periods measured. Outperformance during the fourth quarter was the result of strong selection in the financial services, technology, consumer staples and other (made up mostly of conglomerates) sectors. Detractors to performance during the quarter included weak selection in the other energy and materials and processing sectors, an overweight position in the technology sector and an underweight allocation to the Utilities sector.

Hotchkis and Wiley gained 7.8% during the fourth quarter, trailing the Mercer Mid Cap Value Universe median and the Russell Mid Cap Value Index by 40 basis points and 70 basis points, respectively. The portfolio lagged its comparative measures over the one year period. Weak selection in the producer durables, materials and processing, health care and consumer discretionary sectors drove the portfolio's underperformance during the quarter. Further, an underweight position in the utilities sector and an overweight position in the technology sector contributed to the portfolio's underperformance. In contrast, overweight positions in the materials and processing and consumer discretionary sectors and underweight positions in the health care and financial services sectors aided fourth quarter results.

Artisan Partners returned 6.9% during the quarter, in-line with the Russell Mid Cap Growth Index and leading the Mercer Mid Cap Growth Universe median return by 30 basis points. The portfolio produced mixed results over the one year period, leading the Universe median but trailing the Index, and lagged its benchmarks over the three and five year periods. Strong selection in the healthcare and consumer staples sectors bolstered results during the quarter while weak selection in the technology and consumer discretionary sectors hindered performance. Individual issues that aided performance during the quarter included McDermott International, Precision Castparts, Red Hat, Bunge Ltd. And Thermo Fisher Scientific while the portfolio's investments in Intermec, Chico's FAS and Coventry Health Care detracted from results.

Reinhart & Mahoney gained 6.7% during the fourth quarter, trailing the Russell Mid Cap Index and the Mercer Mid Cap Core Universe median by 100 basis points and 60 basis points, respectively. The portfolio produced strong results over the one year period, ranking at the top of the Universe and outpacing the Index by 7.0%. Underperformance during the quarter can be attributed to an overweight position in the healthcare sector and a large allocation to cash (near 8% at the end of the quarter). Issue selection was neutral during the quarter as the benefits due to strong selection in the other energy and material and processing sectors was offset by losses due to weak selection in the technology and health care sectors.

EARNEST Partners advanced 4.4% during the fourth quarter, lagging the Mercer Mid Cap Core Universe median and the Russell Mid Cap Index by 3.3% and 2.9%, respectively. The portfolio trailed its benchmarks over the one year period. Weak issue selection drove the portfolio's underperformance during the fourth quarter as EARNEST lagged the Index in 7 out of the 11 sectors held, most notably in the technology, producer durables and health care sectors. An overweight allocation to the health care sector and an underweight position in the utilities sector hindered performance as well.

Westfield gained 7.4% during the fourth quarter, trailing the Russell 2000 Growth Index and the Mercer Small Cap Growth Equity Universe median by 140 basis points and 50 basis points, respectively. The portfolio outpaced its benchmarks over the five year period but lagged over the one and three year periods. Weak selection in the consumer discretionary, financial services and producer durables sectors contributed to the portfolio's underperformance during the quarter. In contrast, strong selection in the health care and autos and transportation sectors bolstered performance during the quarter.

The Plan experienced some changes in small cap value through the second half of 2006. Ariel, the incumbent manager, was terminated during the third quarter and the assets were housed with BGI in Russell 2000 Value iShares while a new manager was selected. AQR was selected to fill the small cap value mandate at the end of the third quarter, however, funding of AQR did not occur until shortly after the start of the fourth quarter. Performance for the new manager, AQR, will be reviewed in the first quarter of 2007, once the assets have been held for a full quarter.

## International Equity Market Summary

The international equity markets experienced strong returns during the fourth quarter, gaining 10.4% in U.S. dollar terms as measured by the MSCI EAFE Index. A declining dollar boosted performance as the MSCI EAFE Index returned 7.1% in local currency terms. The Nordic countries, led by Norway at 26.2%, and Pacific ex. Japan, led by Singapore at 23.3%, outperformed all other international regions. Emerging markets outpaced developed markets for the quarter, gaining 17.6% in U.S. dollar terms as measured by the MSCI Emerging Markets Index. The dollar's decline aided performance as the MSCI Emerging Markets Index returned 14.7% in local currency terms. Latin America and Asia were the best performing emerging regions during the fourth quarter, led by China at 35.9%, Argentina at 33.7%, and Brazil at 24.6%. Jordan and Pakistan were the only emerging market countries to experience losses during the quarter. For the year, the MSCI Emerging Markets Index gained 32.6% outpacing the MSCI EAFE Index return of 26.9%.

Capital Guardian advanced 8.7% during the quarter, trailing the MSCI EAFE Index return of 10.4% and the Mercer International Equity Universe median return of 10.7%. The portfolio lagged its benchmarks over the longer time periods measured. An overweight position to Japan, coupled with weak selection, and an underweight allocation to the U.K. contributed to the portfolio's underperformance during the quarter while an allocation to Canada bolstered results. On a sector basis, the portfolio struggled due to weak selection in 8 out of the 10 sectors measured, most notably financials, industrials, information technology and health care.

GMO gained 9.9% during the quarter, trailing the MSCI EAFE Index and the Mercer International Equity Universe median by 50 basis points and 80 basis points, respectively. The portfolio lagged its benchmarks over the one year period but outperformed over the three and five year periods. Underperformance during the quarter can be attributed to an overweight position to Japan, an underweight allocation to the U.K. and weak selection within the value portion of the market. Conversely, an allocation to emerging market issues and an overweight position in Norway and Singapore aided performance during the quarter.

The Capital Guardian International Small Cap portfolio returned 11.6% during the fourth quarter, leading the MSCI World Ex-US Small Cap Price Index return of 11.4% but trailing the Mercer international Equity Small Cap Universe median return of 14.0%. The portfolio produced mixed results over the one year period, leading the Index but trailing its peers, and outperformed over the three and five year periods. The portfolio benefited from strong selection in Singapore, Denmark, Canada and Greece during the quarter while an underweight position in Australia and Sweden hindered performance. The portfolio benefited from strong selection across almost all sectors measured, most notably the materials, health care, financial and consumer discretionary sectors.

## Fixed Income Market Summary

The fixed income market, as measured by the Lehman Brothers Aggregate Bond Index, gained 1.2% during the fourth quarter and 4.3% for the year. An inverted yield curve, where the 3-month Treasury bill at 5.0% exceeds the 10-year Treasury note at 4.7%, had little effect as short-term and long-term issues performed nearly equally. Lower quality issues continue to outperform higher quality issues in the investment grade credit market. High-yield bonds gained 4.2% for the quarter and 11.8% for the year as measured by the Lehman Brothers High Yield Index. Mortgages, as measured by the Lehman Brothers Mortgage Index, advanced 1.6%, while Treasuries, as measured by the Lehman Brothers Treasury Index, gained 0.7%.

JP Morgan gained 1.2% during the quarter, in-line with the Lehman Brothers Aggregate Bond Index but trailing the Mercer Fixed Core Investment Grade Universe median by 10 basis points. The portfolio outpaced the Index but trailed the Universe median over the one year period. The portfolio benefited from an overweight position in mortgage issues and an emphasis on the 0-1 year segment of the yield curve. An emphasis on financial issues within the credit sector proved beneficial as well. Detractors to performance during the quarter included an underweight position to the credit sector and a high quality bias relative to the benchmark.

Loomis, Sayles & Company gained 1.9% during the fourth quarter, leading the Lehman Brothers Aggregate Bond Index by 70 basis points and ranking at the top of the Mercer Fixed Core Investment Grade Universe. The portfolio widely surpassed its benchmarks over the longer time periods measured. Outperformance during the quarter was the result of strong selection in the credit sector. An allocation to Non-US bonds and convertible issues bolstered performance as well. Detractors to results during the fourth quarter included weak selection in the mortgage sector and the portfolio's yield curve positioning.

The Loomis, Sayles High Yield fixed income portfolio advanced 4.1% during the quarter, leading the Mercer Fixed High Yield Universe median by 20 basis points but trailing the Merrill Lynch High Yield Index by 10 basis points. The portfolio produced mixed results over the one year period, leading its peers but trailing the Index, and significantly outpaced its benchmarks over the three and five year periods. The portfolio's investments in higher quality issues outside of the benchmark hindered performance during the quarter as the high yield market outpaced the investment grade market. An overweight position in the industrials sector and an underweight position in the financials sector within the high yield credit market bolstered results. An allocation to emerging market issues aided performance while the portfolio's investments in convertibles, Treasuries and investment grade credit issues detracted from results.



CRA Real Estate gained 9.7% during the quarter, leading the Dow Jones Wilshire REIT Index return of 9.0% and matching the Mercer Real Estate Public REITs Universe median. Longer term results are competitive as the portfolio outpaced the Index but produced mixed results versus its peers over the one, three and five year periods.

Adams Street Partners valuation and performance was available through September 30, 2006 at the time of report production. Note the manager valuations do not include cash equivalents. Adams Street Partners reported an internal rate of return (IRR) of 0.3% for the combined portfolio during the third quarter. The inception to date IRR for the combined portfolio was 8.9%. The since inception IRRs for the old and new portfolios were 5.7% and 26.3%, respectively.

The Adams Street Partnership Fund Program was valued at \$1.6 million on September 30, 2006 and reported a since inception IRR of 10.2% for the combined portfolio. The since inception IRR for the US Fund and the Non-US Fund was 9.7% and 11.4%, respectively. The Brinson Partnership Fund Program had a since inception IRR of 8.3% as of September 30, 2006. Progress reported a since inception return of -2.1% as of December 31, 2006.

## **Comments/Recommendations**

The Plan was underweight core fixed income and slightly overweight large cap equity and high yield fixed income at the end of 2007. The Plan's allocation was addressed in early January as \$66 million was moved from large cap equity (Boston Partners and Mellon) to the fixed income segment of the Plan (Mellon). In addition, cash needs for January were sourced from high yield, lowering the overweight position of that asset class.

# Asset Allocation

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# Employees' Retirement System of the County of Milwaukee

Asset Summary  
As of December 31, 2006

	<u>Total Market Value</u>	<u>% of Total Fund</u>		<u>% of Asset Class</u>	
<b>Total Fund</b>	<b>\$ 1,621.3</b>	<b>100.0</b>	<b>%</b>	<b>100.0</b>	<b>%</b>
<b>Total Equity Fund</b>	<b>918.5</b>	<b>56.7</b>		<b>100.0</b>	
<b>Large Cap Equity</b>	<b>384.5</b>	<b>23.7</b>		<b>41.9</b>	
Boston Partners Asset Mgmt.	159.4	9.8		17.4	
Mellon Capital Management Corp Russell 1000 Growth	105.5	6.5		11.5	
Mellon Capital Management Corp S&P 500	119.6	7.4		13.0	
<b>Mid Cap Equity</b>	<b>115.7</b>	<b>7.1</b>		<b>12.6</b>	
Hotchkis and Wiley Cap	34.4	2.1		3.7	
Artisan Partners Limited Ptnr	34.1	2.1		3.7	
Earnest Partners LLC	34.0	2.1		3.7	
Reinhart & Mahoney Cap Mgmt.	13.3	0.8		1.4	
<b>Small Cap Equity</b>	<b>92.5</b>	<b>5.7</b>		<b>10.1</b>	
Westfield Capital Mgmt Co LLC	49.0	3.0		5.3	
AQR Capital Management, LLC	43.5	2.7		4.7	
<b>International Equity</b>	<b>259.8</b>	<b>16.0</b>		<b>28.3</b>	
Capital Guardian Trust Company	93.4	5.8		10.2	
Grantham, Mayo, Van Otterloo	166.3	10.3		18.1	
<b>International Small Cap Equity</b>					
Capital Guardian Trust Company	66.1	4.1		7.2	
<b>Total Fixed Fund</b>	<b>454.9</b>	<b>28.1</b>		<b>100.0</b>	
<b>Venture Capital</b>	<b>27.1</b>	<b>1.7</b>		<b>6.0</b>	
Adams Street Partners	24.2	1.5		5.3	
Progress Investment Mgmt. Co.	2.9	0.2		0.6	

All dollars in millions, numbers may not add due to rounding

# Employees' Retirement System of the County of Milwaukee

Asset Summary  
As of December 31, 2006

	<u>Total Market Value</u>	<u>% of Total Fund</u>		<u>% of Asset Class</u>	
<b>Core Fixed Income</b>	<b>\$ 427.8</b>	<b>26.4</b>	<b>%</b>	<b>94.0</b>	<b>%</b>
JPMorgan Asset Management	111.2	6.9		24.4	
Mellon Capital Management Corp	218.7	13.5		48.1	
Loomis, Sayles & Company, L.P.	98.0	6.0		21.5	
<b>High Yield Fixed Income</b>					
Loomis, Sayles & Company, L.P.	146.6	9.0		100.0	
<b>Cash</b>					
Cash Account	21.8	1.3		100.0	
<b>Real Estate</b>					
CRA Real Estate Securities	79.6	4.9		100.0	

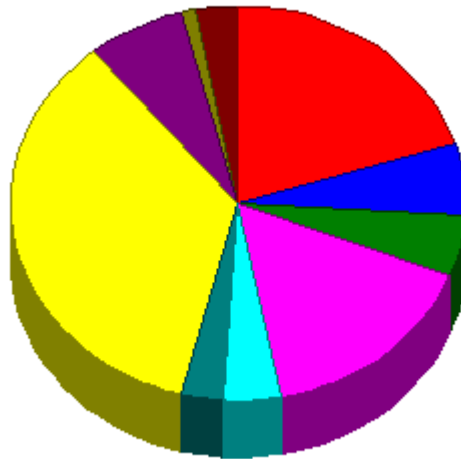
All dollars in millions, numbers may not add due to rounding

# Employees' Retirement System of the County of Milwaukee

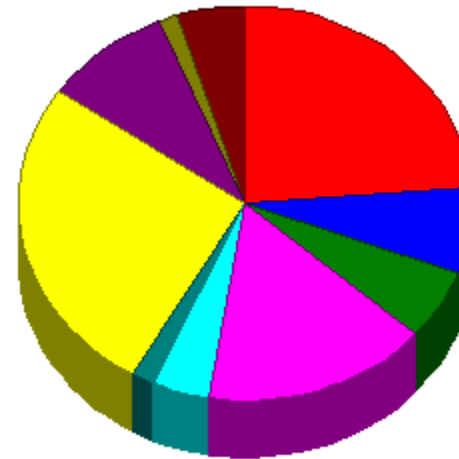
Asset Allocation  
As of December 31, 2006

Large Cap Equity	20.0 %
Mid Cap Equity	6.0 %
Small Cap Equity	5.0 %
International Equity	16.0 %
International Small Cap Equity	4.0 %
Venture Capital	3.0 %
Core Fixed Income	35.0 %
High Yield Fixed Income	7.0 %
Cash	1.0 %
Real Estate	3.0 %

**Policy**



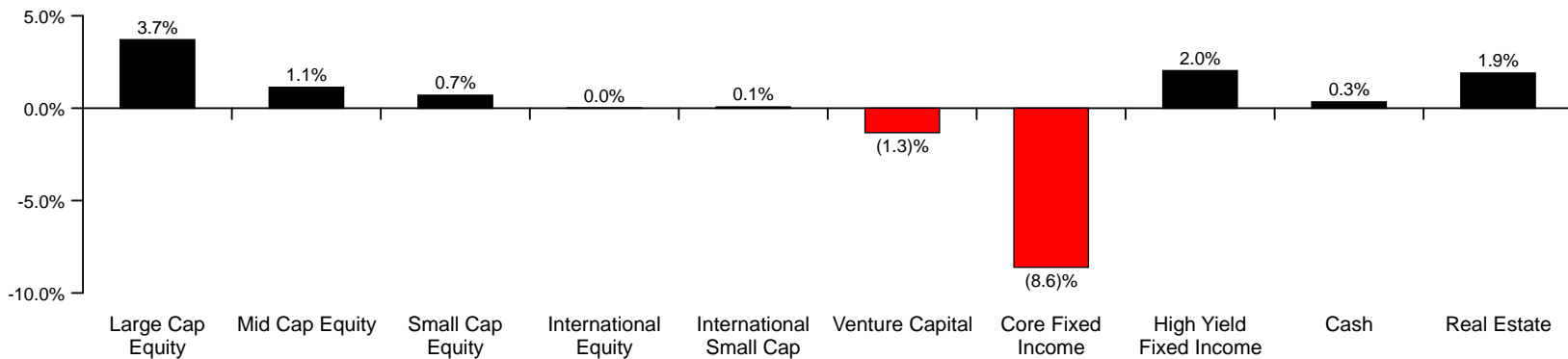
**Actual**



Large Cap Equity	23.7 %
Mid Cap Equity	7.1 %
Small Cap Equity	5.7 %
International Equity	16.0 %
International Small Cap Equity	4.1 %
Venture Capital	1.7 %
Core Fixed Income	26.4 %
High Yield Fixed Income	9.0 %
Cash	1.3 %
Real Estate	4.9 %

**Total Market Value  
\$ 1,621,348,708**

## Asset Allocation vs. Policy

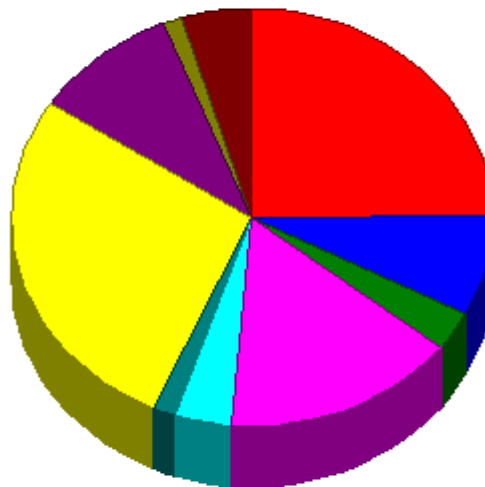


## Employees' Retirement System of the County of Milwaukee

Asset Allocation  
As of December 31, 2006

### Prior Asset Allocation - September 30, 2006

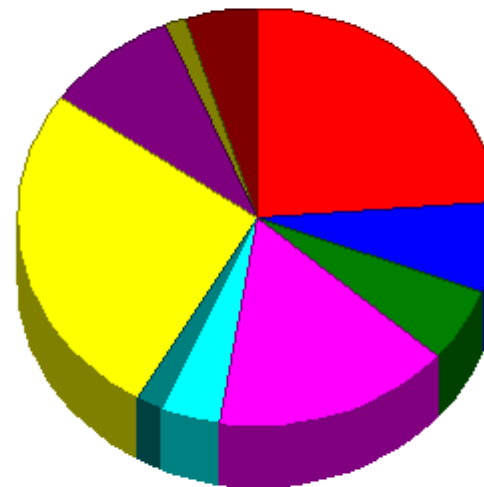
Large Cap Equity	24.9 %
Mid Cap Equity	7.8 %
Small Cap Equity	3.0 %
International Equity	15.7 %
International Small Cap Equity	3.9 %
Venture Capital	1.5 %
Core Fixed Income	27.6 %
High Yield Fixed Income	9.7 %
Cash	1.2 %
Real Estate	4.8 %



**Total Market Value  
\$ 1,519,969,284**

### Current Asset Allocation - December 31, 2006

Large Cap Equity	23.7 %
Mid Cap Equity	7.1 %
Small Cap Equity	5.7 %
International Equity	16.0 %
International Small Cap Equity	4.1 %
Venture Capital	1.7 %
Core Fixed Income	26.4 %
High Yield Fixed Income	9.0 %
Cash	1.3 %
Real Estate	4.9 %



**Total Market Value  
\$ 1,621,348,708**

# Performance

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# Employees' Retirement System of the County of Milwaukee

## Performance Summary

Period Ending December 31, 2006

	Market Value	% of Total Fund	Quarter	Annualized					
				1 Year		3 Years		5 Years	
<b>Total Fund*</b>	<b>\$ 1,594.3</b>	<b>100.0 %</b>	<b>5.8 % 53</b>	<b>14.2 % 60</b>	<b>12.4 % 50</b>	<b>10.9 % 20</b>			
<i>Rank vs. Total Funds Billion Dollar - Public</i>									
<i>Total Funds Billion Dollar - Public Med</i>			5.9	14.5	12.4	9.9			
<i>Composite Market Index</i>			5.8	13.7	11.0	9.7			
<b>Combined Domestic Equity</b>	<b>592.7</b>	<b>37.2</b>	<b>7.1 55</b>	<b>14.5 53</b>	<b>12.8 51</b>	<b>8.1 61</b>			
<i>Rank vs. Mercer US Equity Combined Universe</i>									
<i>Mercer US Equity Combined Universe Med</i>			7.3	15.0	12.9	9.4			
<i>Composite Equity Index</i>			7.3	16.5	11.3	7.6			
<i>S&amp;P 500 - Total Return Index</i>			6.7	15.8	10.4	6.2			
<i>Dow Jones Wilshire 5000 (Full Cap)</i>			7.3	15.9	11.5	7.6			
<b>Combined International Equity</b>	<b>325.9</b>	<b>20.4</b>	<b>9.9 71</b>	<b>23.8 77</b>	<b>22.6 32</b>	<b>19.7 19</b>			
<i>Rank vs. Mercer Intl Equity Universe</i>									
<i>Mercer Intl Equity Universe Med</i>			10.7	26.3	21.0	16.6			
<i>MSCI EAFE Index</i>			10.4	26.9	20.4	15.4			
<b>Combined Fixed Income</b>	<b>574.4</b>	<b>36.0</b>	<b>2.1 17</b>	<b>6.4 17</b>	<b>5.5 18</b>	<b>7.5 16</b>			
<i>Rank vs. Mercer US Fixed Combined Universe</i>									
<i>Mercer US Fixed Combined Universe Med</i>			1.3	4.7	4.0	5.2			
<i>Composite Fixed Income Index</i>			1.7	5.3	4.4	6.1			
<i>Lehman Brothers Aggregate Bond</i>			1.2	4.3	3.7	5.1			
<b>Combined Real Estate</b>	<b>79.6</b>	<b>5.0</b>	<b>9.7 47</b>	<b>37.5 38</b>	<b>27.9 56</b>	<b>24.7 70</b>			
<i>Rank vs. Mercer US Real Estate Public REITS Universe</i>									
<i>Mercer US Real Estate Public REITS Universe Med</i>			9.7	35.9	28.2	25.6			
<i>Dow Jones Wilshire REIT (Full Cap)</i>			9.0	36.1	27.4	23.9			

\*The Total Fund market value and return calculations exclude Venture Capital and Alternative Investments.  
Notes to the Performance Summary can be found in the Appendix.



## Employees' Retirement System of the County of Milwaukee

### Performance Summary

Period Ending December 31, 2006

	Market Value	% of Total Fund	Quarter	Annualized		
				1 Year	3 Years	5 Years
<b>Large Cap Value Equity Manager</b>						
Boston Partners Asset Mgmt.	\$ 159.4	10.0 %	8.7 % 12	19.8 % 39	16.2 % 18	9.9 % 56
<i>Rank vs. Mercer US Equity Large Cap Value Universe</i>						
<i>Mercer US Equity Large Cap Value Universe Med</i>			7.6	18.8	14.1	10.3
<i>Mercer US Equity Combined Universe Med</i>			7.3	15.0	12.9	9.4
<i>Russell 1000 Value Index</i>			8.0	22.2	15.1	10.9
<i>S&amp;P 500 - Total Return Index</i>			6.7	15.8	10.4	6.2
<i>CPI + 6.5%</i>			1.1	9.1	9.6	9.2
<b>Large Cap Growth Equity Manager</b>						
Mellon Capital Management Corp Russell 1000 Growth	105.5	6.6	5.9	9.1	6.9	2.8
<i>Russell 1000 Growth Index</i>			5.9	9.1	6.9	2.7
<b>Large Cap Index Equity Manager</b>						
Mellon Capital Management Corp S&P 500	119.6	7.5	6.6	15.8	10.5	6.2
<i>S&amp;P 500 - Total Return Index</i>			6.7	15.8	10.4	6.2
<b>Mid Cap Value Managers</b>						
Hotchkis and Wiley Cap	34.4	2.2	7.8 63	17.2 62	--	--
<i>Rank vs. Mercer US Equity Mid Cap Value Universe</i>						
<i>Mercer US Equity Mid Cap Value Universe Med</i>			8.2	18.2	17.5	14.6
<i>Russell Midcap Value Index</i>			8.5	20.2	18.8	15.9
<i>CPI +5.7%</i>			0.9	8.3	8.8	8.4
<b>Mid Cap Growth Equity Manager</b>						
Artisan Partners Limited Ptnr	34.1	2.1	6.9 44	10.3 48	12.2 56	7.2 68
<i>Rank vs. Mercer US Equity Mid Cap Growth Universe</i>						
<i>Mercer US Equity Mid Cap Growth Universe Med</i>			6.6	10.1	12.7	8.3
<i>Russell Midcap Growth Index</i>			6.9	10.7	12.7	8.2
<i>CPI +5.7%</i>			0.9	8.3	8.8	8.4

# Employees' Retirement System of the County of Milwaukee

## Performance Summary

Period Ending December 31, 2006

	Market Value	% of Total Fund	Quarter	Annualized						
				1 Year		3 Years		5 Years		
Mid Cap Equity Managers										
Earnest Partners LLC	\$ 34.0	2.1 %	4.4 %	97	10.8 %	72	--%		--%	
Reinhart & Mahoney Cap Mgmt.	13.3	0.8	6.7	71	22.3	1	--		--	
Rank vs. Mercer US Equity Mid Cap Core Universe										
Mercer US Equity Mid Cap Core Universe Med			7.3		13.0		14.3		12.5	
Russell Midcap Index			7.7		15.3		16.0		12.9	
CPI +5.7%			0.9		8.3		8.8		8.4	
Small Cap Equity Managers										
Westfield Capital Mgmt Co LLC	49.0	3.1	7.4	64	11.3	53	9.5	74	9.1	40
Rank vs. Mercer US Equity Small Cap Growth Universe										
Mercer US Equity Small Cap Growth Universe Med			7.9		11.6		11.3		8.6	
Russell 2000 Growth Index			8.8		13.3		10.5		6.9	
CPI +5.9%			0.9		8.5		9.0		8.6	
Internation Equity Manager										
Capital Guardian Trust Company	93.4	5.9	8.7	85	20.9	90	17.7	86	14.0	79
Rank vs. Mercer Intl Equity Universe										
Mercer Intl Equity Universe Med			10.7		26.3		21.0		16.6	
MSCI EAFE Index			10.4		26.9		20.4		15.4	
CPI +6.7%			1.1		9.3		9.8		9.4	
Grantham, Mayo, Van Otterloo	166.3	10.4	9.9	71	25.9	55	22.8	29	22.6	6
Rank vs. Mercer Intl Equity Universe										
Mercer Intl Equity Universe Med			10.7		26.3		21.0		16.6	
MSCI EAFE Index			10.4		26.9		20.4		15.4	
CPI +6.7%			1.1		9.3		9.8		9.4	
International Small Cap Equity Manager										
Capital Guardian Trust Company	66.1	4.1	11.6	86	22.7	85	31.8	19	25.9	43
Rank vs. Mercer Intl Equity Small Cap Universe										
Mercer Intl Equity Small Cap Universe Med			14.0		29.2		29.5		24.7	
MSCI World Ex US Small Cap Price Index			11.4		17.6		22.4		21.4	
CPI +6.9%			1.1		9.5		10.0		9.6	

# Employees' Retirement System of the County of Milwaukee

## Performance Summary

Period Ending December 31, 2006

	Market Value	% of Total Fund	Quarter	Annualized							
				1 Year		3 Years		5 Years			
Core Fixed Income Managers											
Mellon Capital Management Corp	\$ 218.7	13.7 %	1.2 %			4.3 %		3.7 %		5.1 %	
Lehman Brothers Aggregate Bond			1.2			4.3		3.7		5.1	
CPI + 1%			(0.3)			3.6		4.1		3.7	
JPMorgan Asset Management	111.2	7.0	1.2	68		4.5	58	--		--	
Rank vs. Mercer US Fixed Core Investment Grade Universe											
Mercer US Fixed Core Investment Grade Universe Med			1.3			4.6		4.0		5.4	
Lehman Brothers Aggregate Bond			1.2			4.3		3.7		5.1	
CPI +2.60%			0.1			5.2		5.7		5.3	
Loomis, Sayles & Company, L.P.	98.0	6.1	1.9	0		6.9	0	6.0	0	9.3	0
Rank vs. Mercer US Fixed Core Investment Grade Universe											
Mercer US Fixed Core Investment Grade Universe Med			1.3			4.6		4.0		5.4	
Lehman Brothers Aggregate Bond			1.2			4.3		3.7		5.1	
Fixed Income Reference Index			1.2			4.3		3.7		5.1	
CPI +2.60%			0.1			5.2		5.7		5.3	
High Yield Fixed Income Manager											
Loomis, Sayles & Company, L.P.	146.6	9.2	4.1	38		10.5	49	9.1	19	12.1	8
Rank vs. Mercer US Fixed High Yield Universe											
Mercer US Fixed High Yield Universe Med			3.9			10.5		8.2		9.8	
Merrill Lynch US High Yield Cash Pay Index			4.2			11.6		8.3		9.8	
CPI + 5.0%			0.7			7.6		8.1		7.7	
Real Estate Manager											
CRA Real Estate Securities	79.6	5.0	9.7	47		37.5	38	27.9	56	24.7	70
Rank vs. Mercer US Real Estate Public REITS Universe											
Mercer US Real Estate Public REITS Universe Med			9.7			35.9		28.2		25.6	
Dow Jones Wilshire REIT (Full Cap)			9.0			36.1		27.4		23.9	
CPI +5.9%			0.9			8.5		9.0		8.6	

**Employees' Retirement System of the County of Milwaukee**  
Performance Summary  
Period Ending September 30, 2006

	<b>Annualized</b>						
	<b>Market Value</b>	<b>Quarter</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>IRR Since Inception</b>	<b>Inception Date</b>
<b>Venture Capital Managers</b>							
Adams Street Partners - Combined	\$1.6	0.3 %	48.5 %	43.9 %	13.5 %	8.9 %	11/15/1985
Adams Street Partners - Old Portfolio	0.7	-5.8	-3.3	34.3	8.1	5.7	11/15/1985
Adams Street Partners - New Portfolio	1.0	5.2	103.4	56.3	19.9	26.3	1/10/1992
Adams Street Partners - Partnership Fund Program	1.6	—	—	—	—	10.2	2/11/2005
US Fund		—	—	—	—	9.7	2/11/2005
Non-US Fund		—	—	—	—	11.4	3/24/2005
Brinson Partnership Fund Program	17.6	—	—	—	—	8.3	1/26/1998
<i>16% Annualized Rate of Return</i>		3.8	16.0	16.0	16.0	16.0	
Progress <sup>(1)</sup>	0.8	—	—	—	—	-2.1	7/1/1995
<i>16% Annualized Rate of Return</i>		3.8	16.0	16.0	16.0	16.0	

<sup>(1)</sup> Market values as of December 31, 2006

Notes to the Performance Summary can be found in the Appendix.

**Employees' Retirement System of the County of Milwaukee**  
Performance Summary - Trailing 7 years  
As of December 31, 2006

**7 Years**

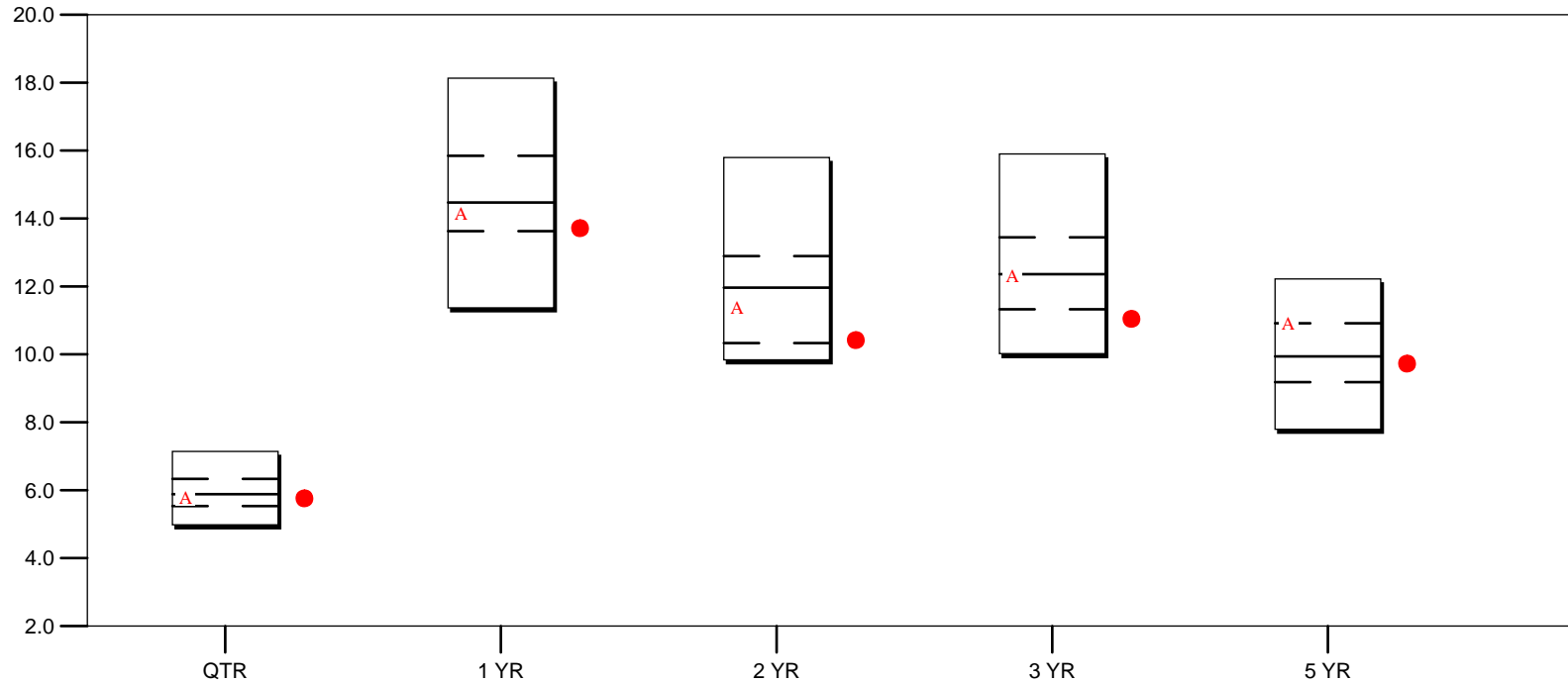
Total Fund	7.2
vs. Composite Market Index	6.1
CPI + 4%	6.6
<b>Boston Partners</b>	<b>10.5</b>
vs. Russell 1000 Value	7.8
S&P 500	1.1
CPI + 6.5%	9.1
<b>Mellon Capital Management - S&amp;P 500</b>	<b>1.2</b>
vs. S&P 500	1.1
<b>Capital Guardian</b>	<b>3.8</b>
vs. EAFE	4.8
CPI + 6.7%	9.3
<b>Grantham, Mayo</b>	<b>13.6</b>
vs. EAFE	4.8
CPI + 6.7%	9.3
<b>Capital Guardian</b>	<b>9.5</b>
vs. MSCI World Ex U.S. Small Cap	12.3
CPI + 6.9%	9.5
<b>Mellon Capital Management</b>	<b>6.5</b>
vs. LB Aggregate	6.5
<b>Loomis, Sayles</b>	<b>9.6</b>
vs. Fixed Income Reference Index	6.5
LB Aggregate	6.5
CPI + 2.6%	5.2
<b>Loomis, Sayles</b>	<b>10.1</b>
vs. Merrill Lynch High Yield	7.3
CPI + 5.0%	7.6
<b>ING Clarion Real Estate Securities</b>	<b>23.0</b>
vs. Wilshire REIT Index	23.1
CPI + 5.9%	8.5

# Total Funds Billion Dollar - Public

Return Quartiles

Periods Ending December 31, 2006

Annualized Rate of Return %



5th Percentile	7.14	18.13	15.80	15.90	12.22
25th Percentile	6.33	15.84	12.89	13.44	10.91
Median	5.88	14.47	11.96	12.36	9.94
75th Percentile	5.53	13.63	10.33	11.32	9.18
95th Percentile	4.98	11.37	9.84	10.02	7.79
# of Participants	35	33	33	31	31
COMP MKT IDX	5.76	13.71	10.42	11.04	9.72
Total Fund	5.82 , 53	14.16 , 60	11.41 , 60	12.35 , 50	10.95 , 20

# Mellon Analytical Solutions Trust Universe

## Asset Allocation

Quarter Ending December 31, 2006

Market Value in Millions

	Total Fund	US Equity		US Fixed Income		Non-US Equity		Non-US Fixed		Alternative Inv.		Real Estate		Cash		Total
Market Value in US Dollars																
Total Funds Billion Dollar - Public																
Total	434,429.52	158,554.13	36%	95,897.56	22%	102,897.90	24%	10,684.64	2%	16,043.12	4%	9,449.29	2%	2,334.40	1%	91%
Average	14,013.86	5,285.14		3,093.47		3,319.29		712.31		1,145.94		726.87		389.07		
Maximum		58.66%		36.15%		35.10%		13.48%		16.29%		9.49%		8.05%		
5th		50.93%		33.55%		30.03%		9.62%		14.08%		9.04%		7.67%		
25th		44.36%		26.69%		23.30%		5.16%		8.56%		7.63%		5.68%		
Median		39.28%		22.67%		20.56%		2.64%		5.14%		4.96%		2.47%		
75th		34.83%		18.04%		17.84%		1.13%		3.85%		3.39%		1.31%		
95th		27.57%		14.24%		13.85%		0.00%		2.64%		0.00%		.58%		
Minimum		23.25%		13.33%		12.77%		0.00%		2.36%		0.00%		0.00%		

Report is based upon plans that have submitted asset class data greater than 70% of the total market value. 31 out of 35 accounts represented from the universe run.

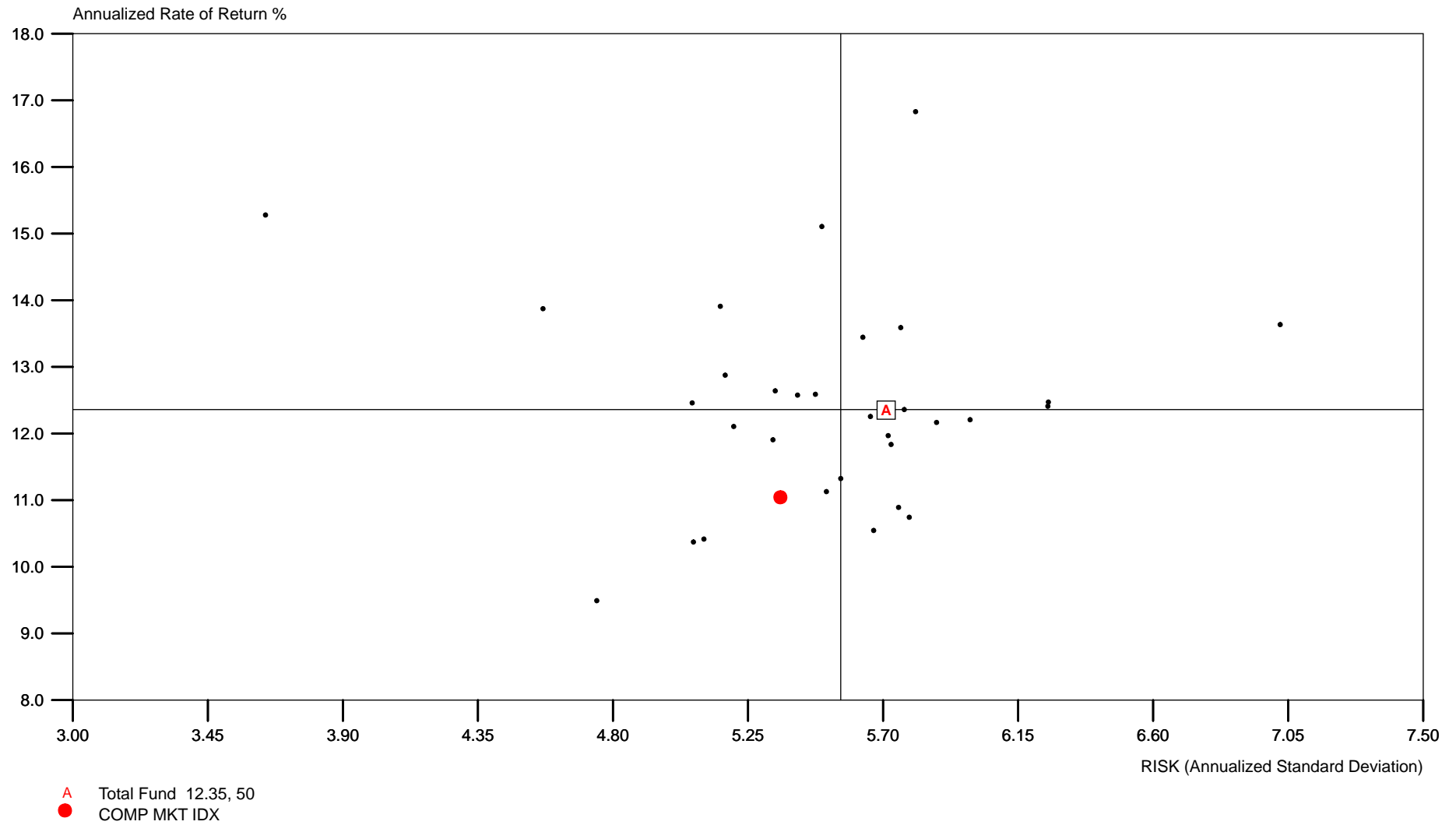
Total does not equal 100% due to asset class market values not reported.

# Total Funds Billion Dollar - Public

Risk-Return Comparisons

3 Years Ending December 31, 2006

31 Portfolios



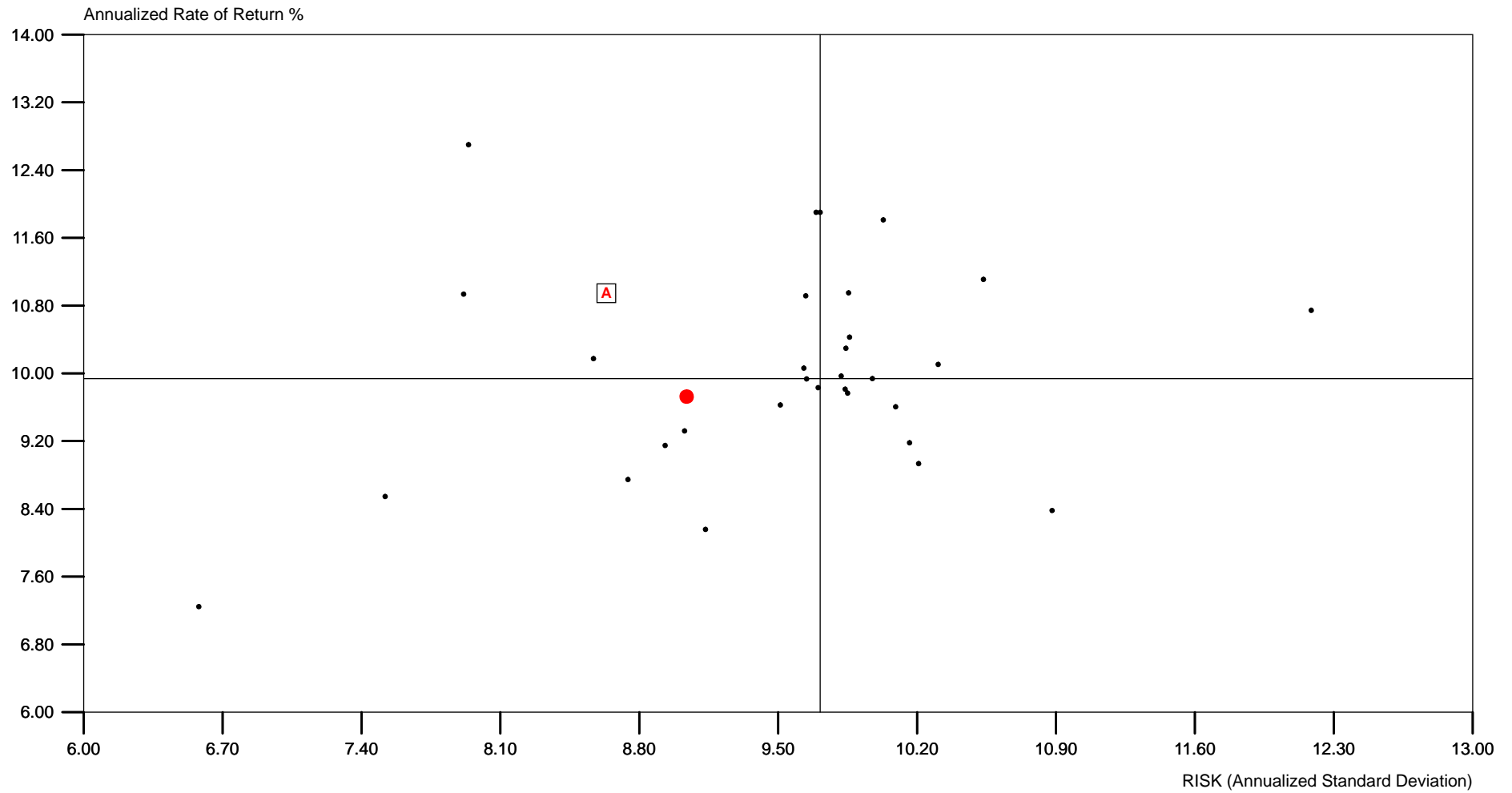


# Total Funds Billion Dollar - Public

Risk-Return Comparisons

5 Years Ending December 31, 2006

31 Portfolios



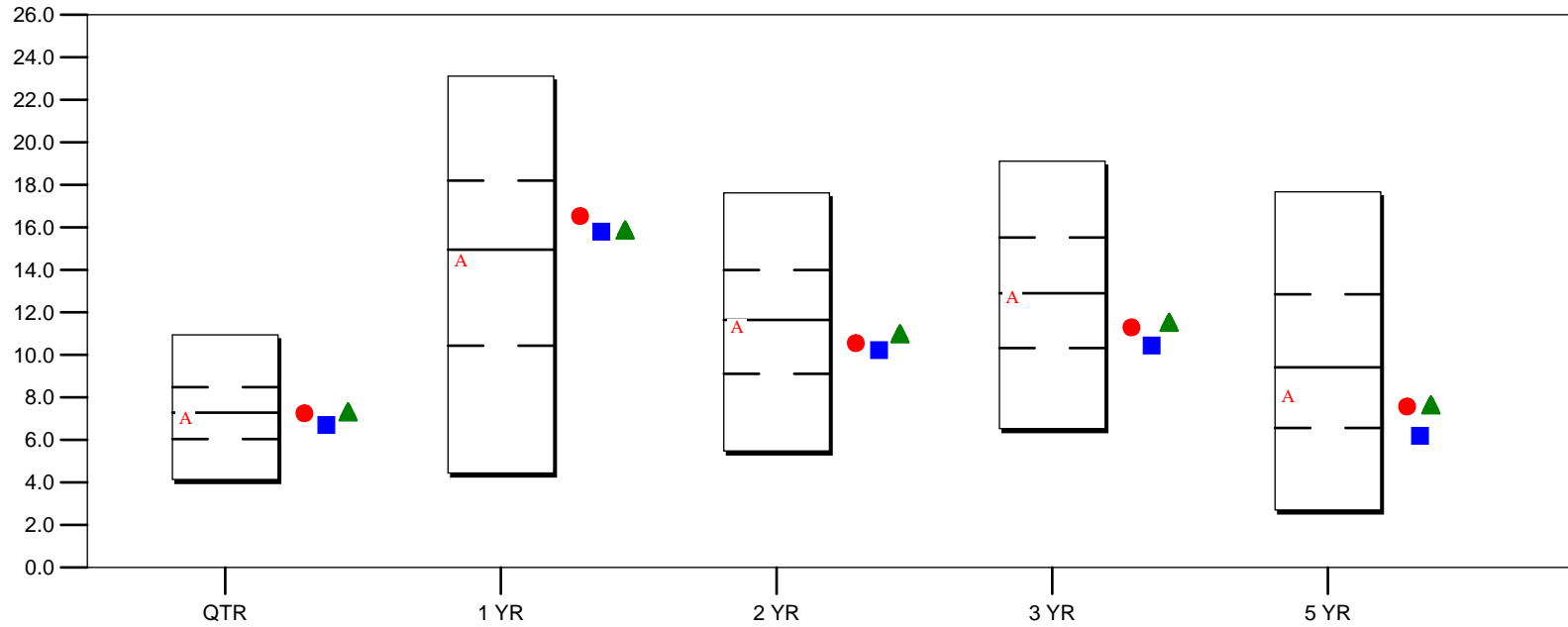
A Total Fund 10.95, 20  
 ● COMP MKT IDX

# Mercer US Equity Combined Universe

## Return Quartiles

Periods Ending December 31, 2006

Annualized Rate of Return %



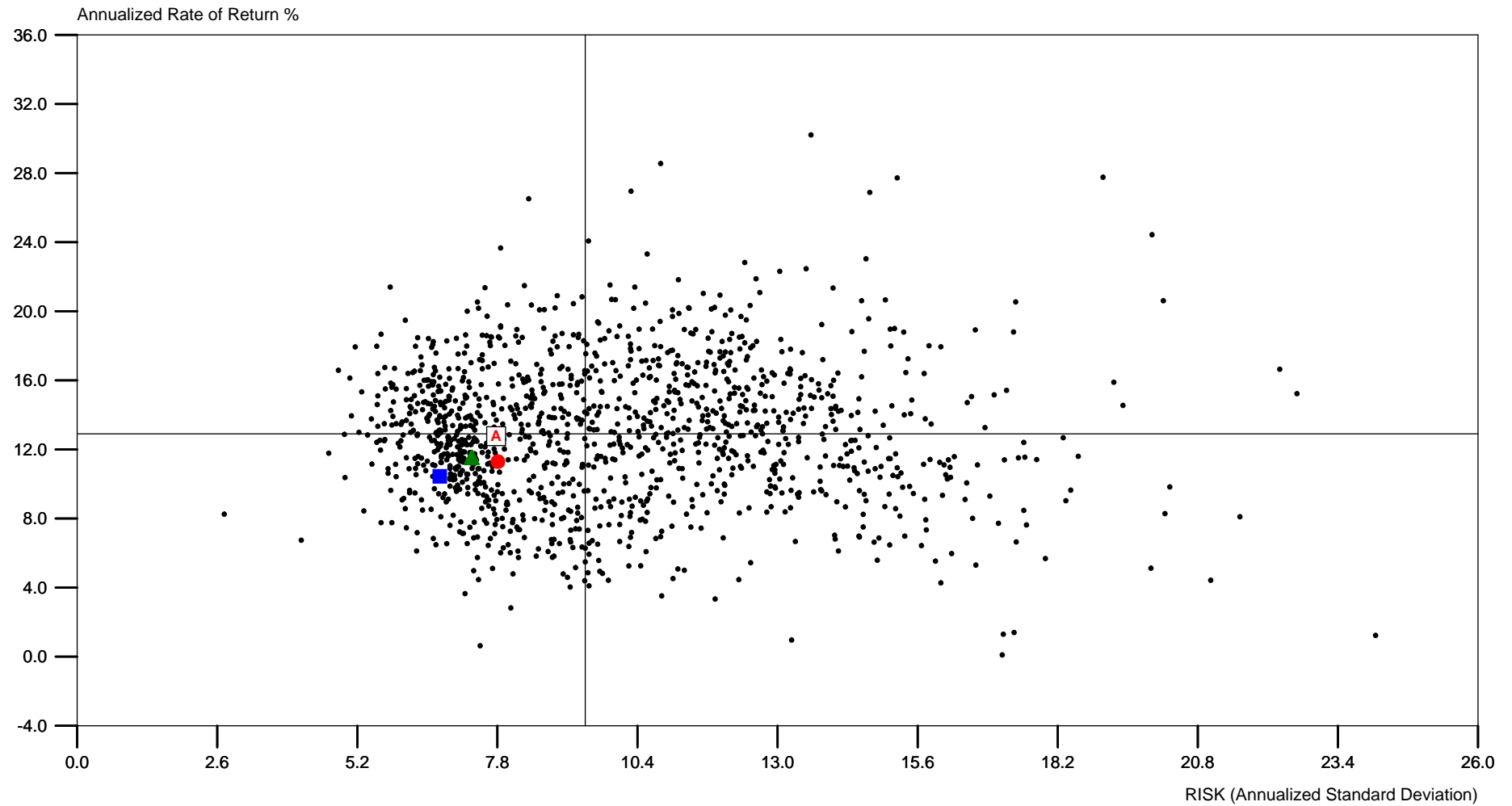
5th Percentile	10.94	23.11	17.62	19.11	17.67
25th Percentile	8.48	18.20	13.99	15.52	12.85
Median	7.28	14.95	11.64	12.90	9.41
75th Percentile	6.04	10.43	9.11	10.32	6.56
95th Percentile	4.14	4.44	5.48	6.53	2.70
# of Participants	1513	1460	1372	1312	1172
● EQUITY INDEX	7.25	16.52	10.55	11.29	7.57
■ S&P 500 -S&P CALC	6.70	15.79	10.22	10.44	6.19
▲ DJWIL 5000	7.32	15.87	10.99	11.53	7.65
A Combined Dom Eq	7.07 , 55	14.52 , 53	11.36 , 53	12.77 , 51	8.13 , 61

# Mercer US Equity Combined Universe

Risk-Return Comparisons

3 Years Ending December 31, 2006

1312 Portfolios



- A Combined Dom Eq 12.77, 51
- EQUITY INDEX
- S&P 500 -S&P CALC

▲ DJWIL 5000

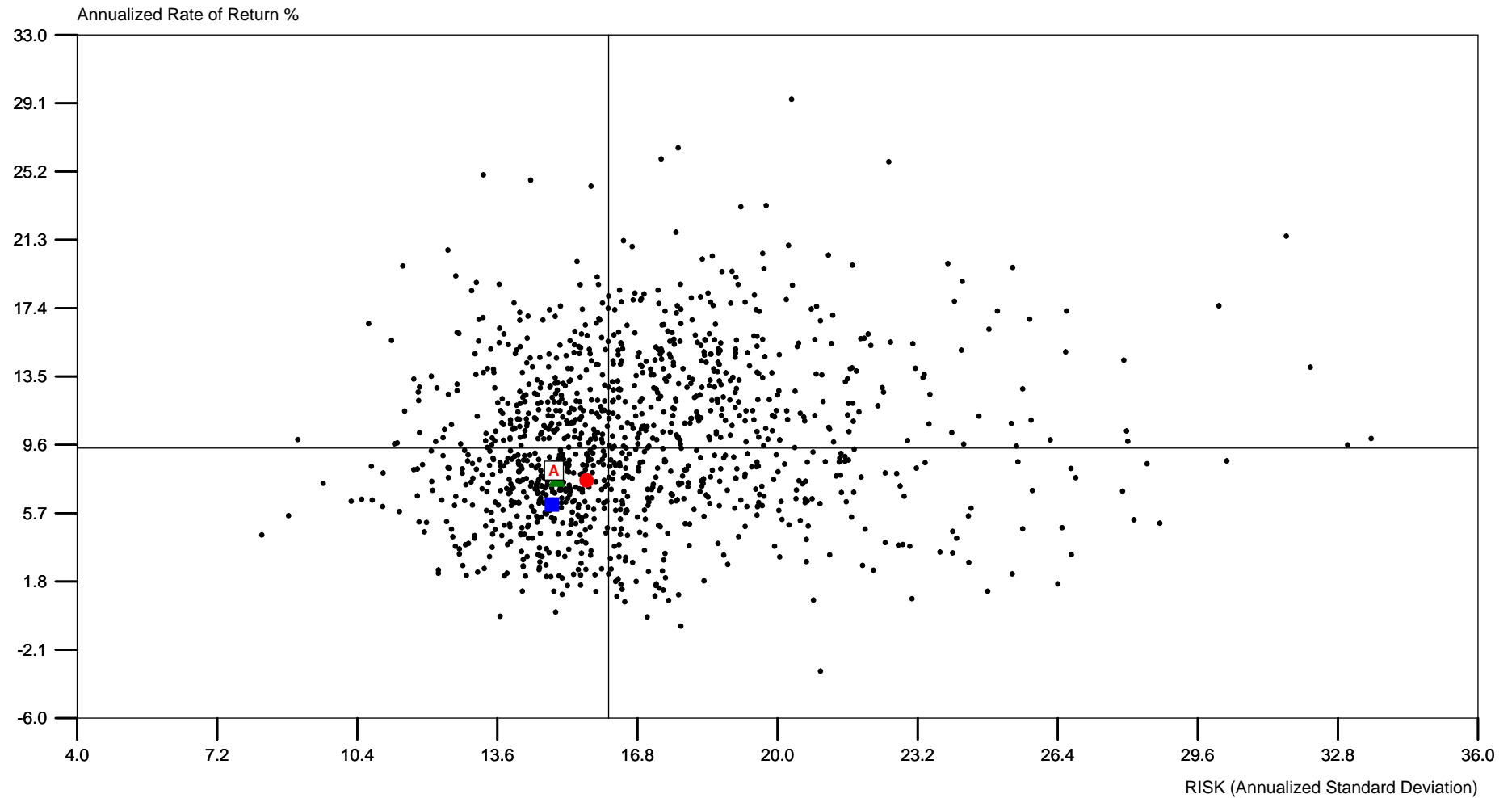
Mercer Investment Consulting

# Mercer US Equity Combined Universe

Risk-Return Comparisons

5 Years Ending December 31, 2006

1172 Portfolios



- A Combined Dom Eq 8.13, 61
- EQUITY INDEX
- S&P 500 -S&P CALC

▲ DJWIL 5000

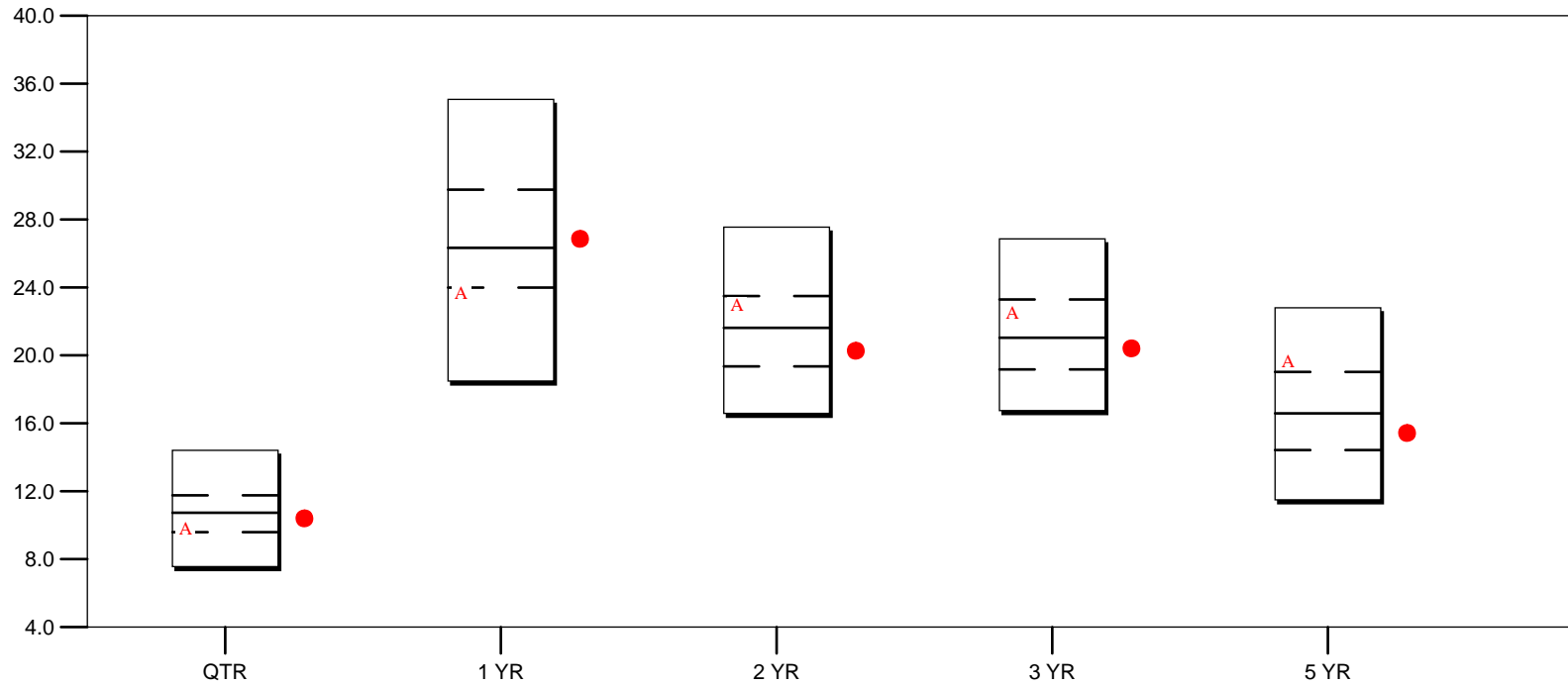
Mercer Investment Consulting

# Mercer Intl Equity Universe

## Return Quartiles

Periods Ending December 31, 2006

Annualized Rate of Return %

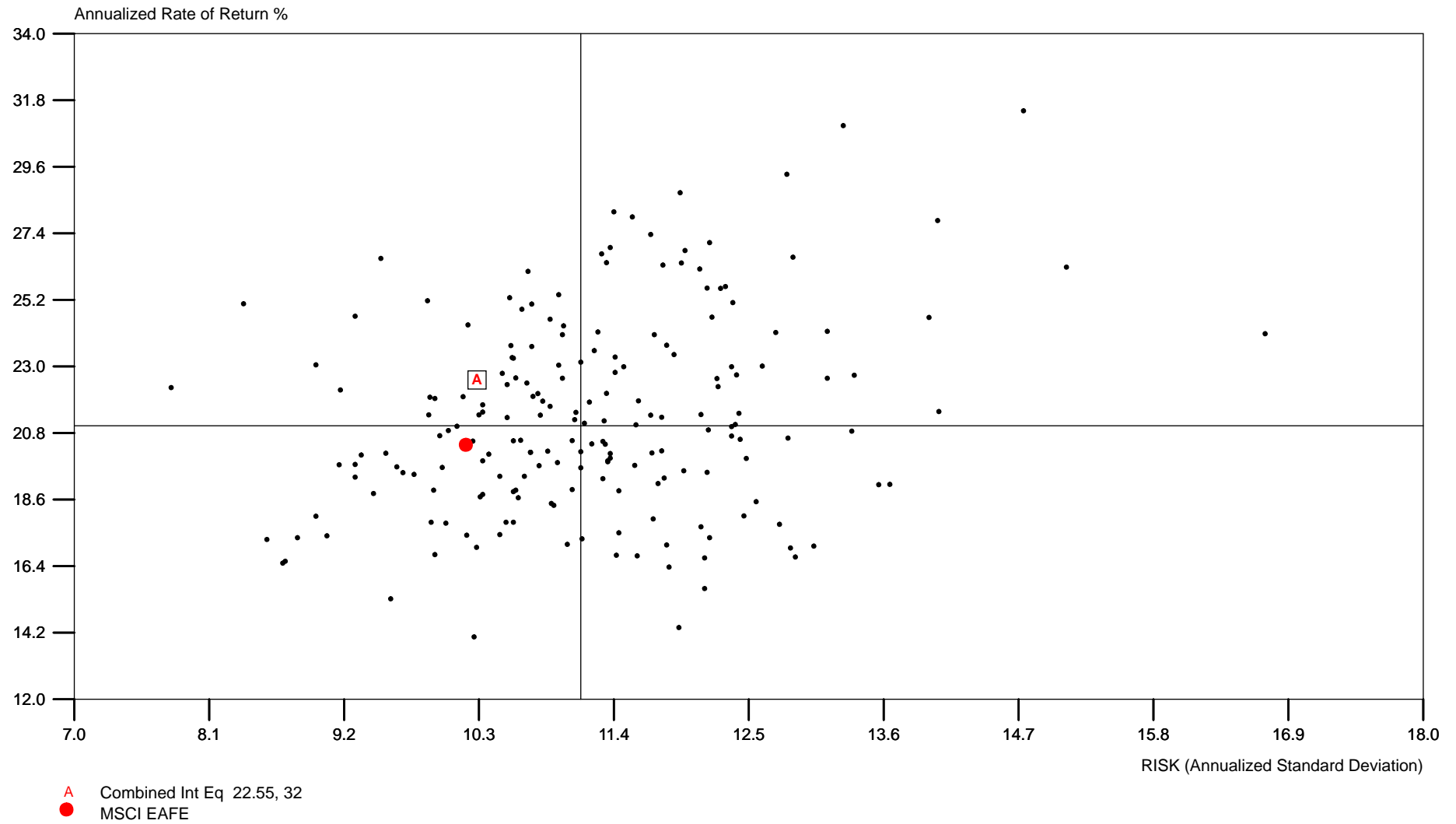


# Mercer Intl Equity Universe

## Risk-Return Comparisons

### 3 Years Ending December 31, 2006

194 Portfolios

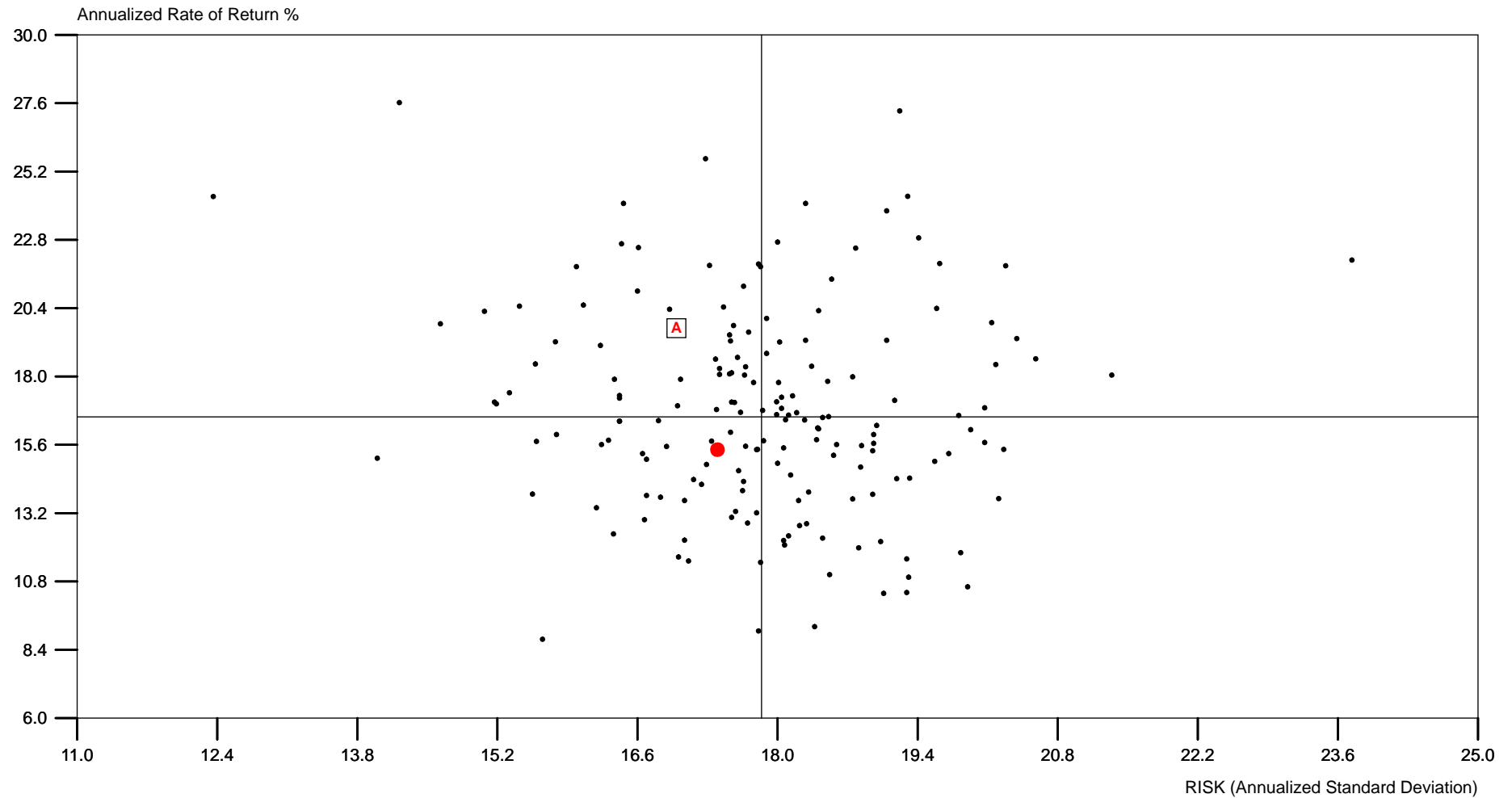


# Mercer Intl Equity Universe

## Risk-Return Comparisons

### 5 Years Ending December 31, 2006

#### 170 Portfolios



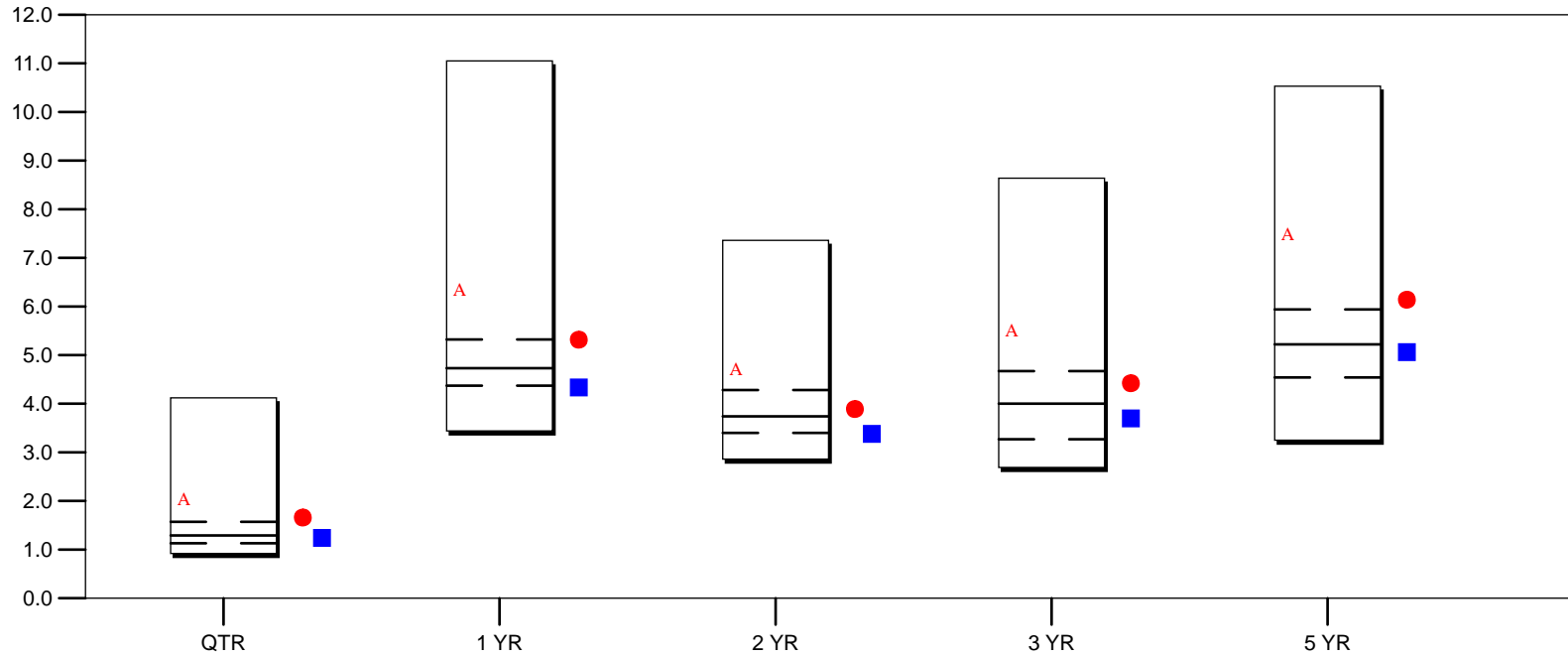
A Combined Int Eq 19.70, 19  
 ● MSCI EAFE

# Mercer US Fixed Combined Universe

## Return Quartiles

Periods Ending December 31, 2006

Annualized Rate of Return %



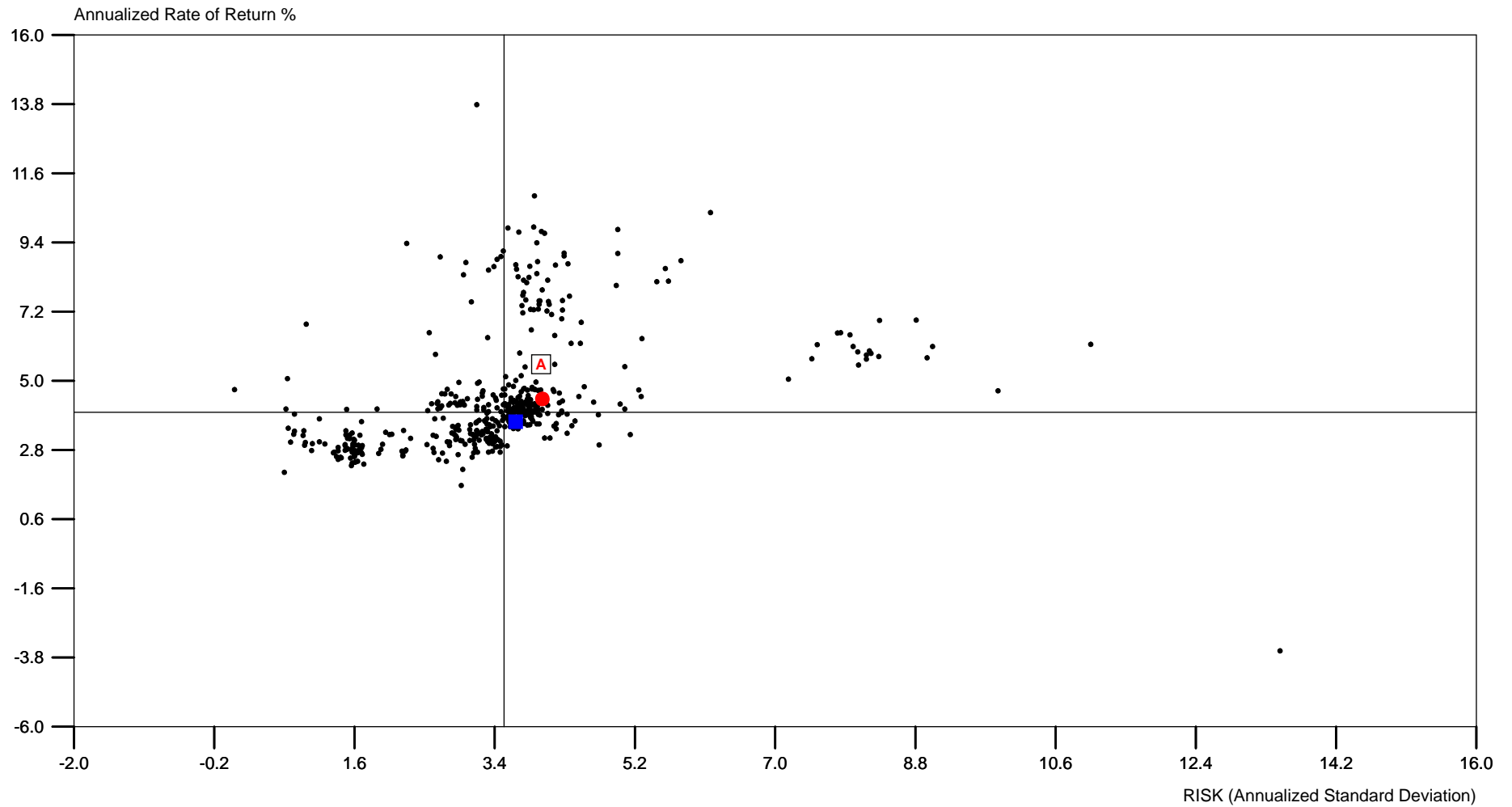


# Mercer US Fixed Combined Universe

Risk-Return Comparisons

3 Years Ending December 31, 2006

482 Portfolios

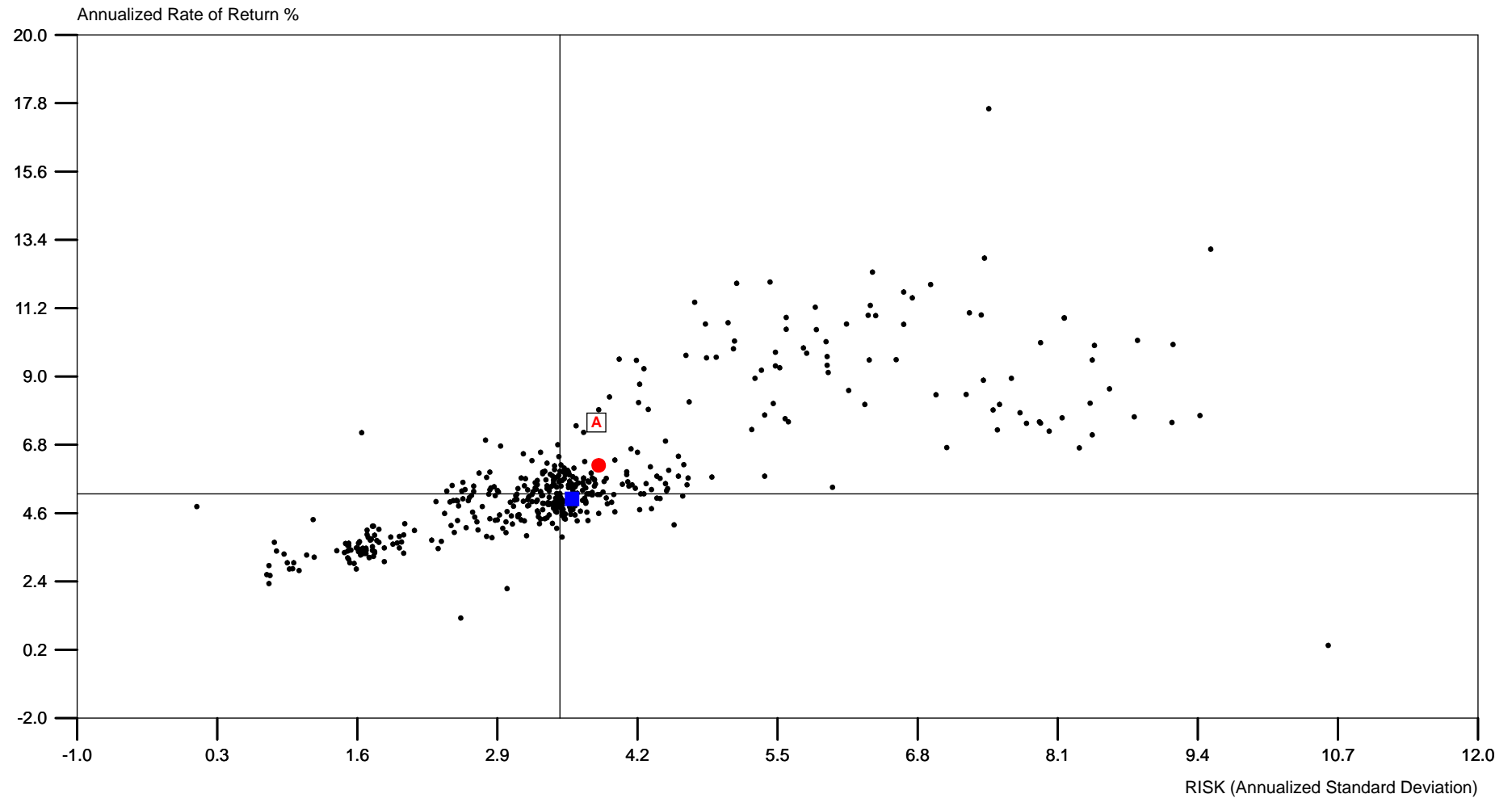


- A Combined Fixed 5.53, 18
- COMPOSITE FIXED
- LB AGGREGATE

Mercer Investment Consulting

# Mercer US Fixed Combined Universe

Risk-Return Comparisons  
5 Years Ending December 31, 2006  
460 Portfolios



- A Combined Fixed 7.52, 16
- COMPOSITE FIXED
- LB AGGREGATE

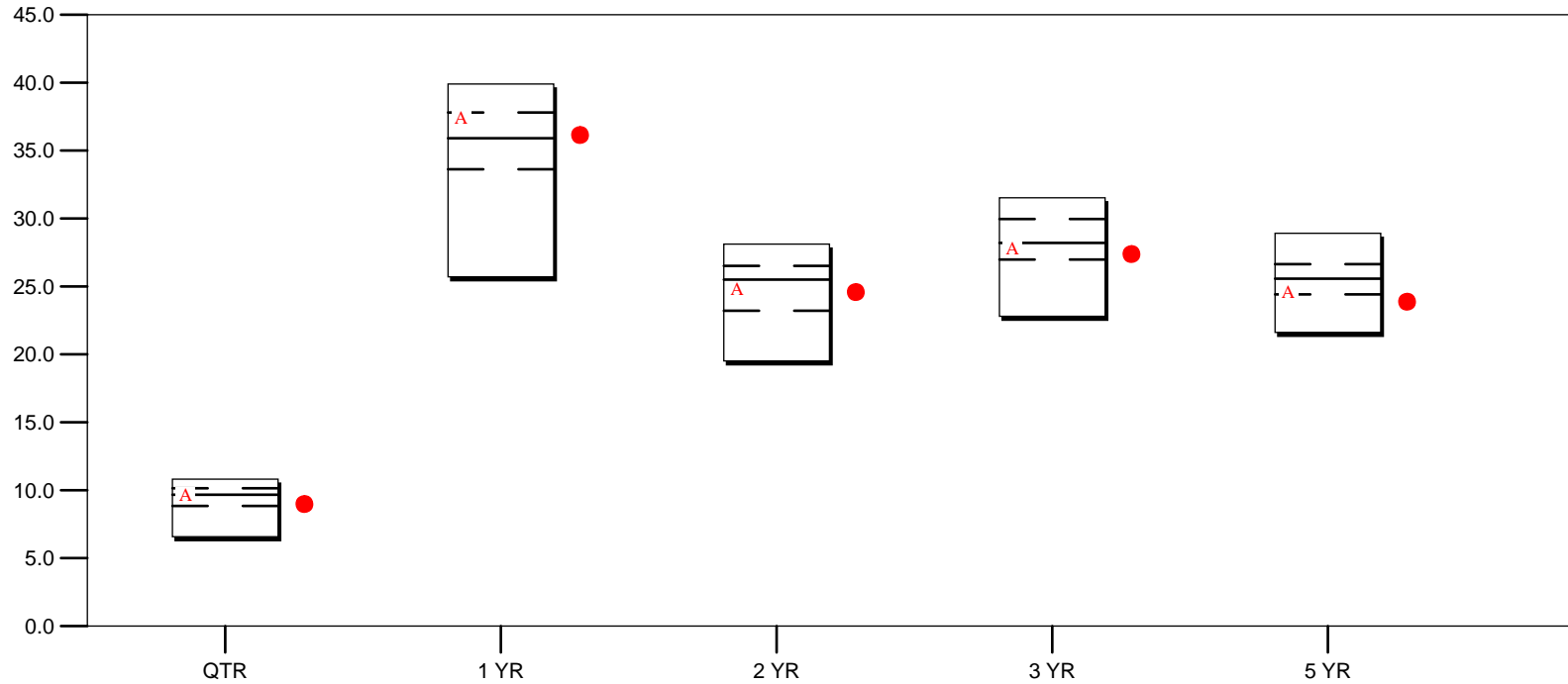
Mercer Investment Consulting

# Mercer US Real Estate Public REITS Universe

## Return Quartiles

Periods Ending December 31, 2006

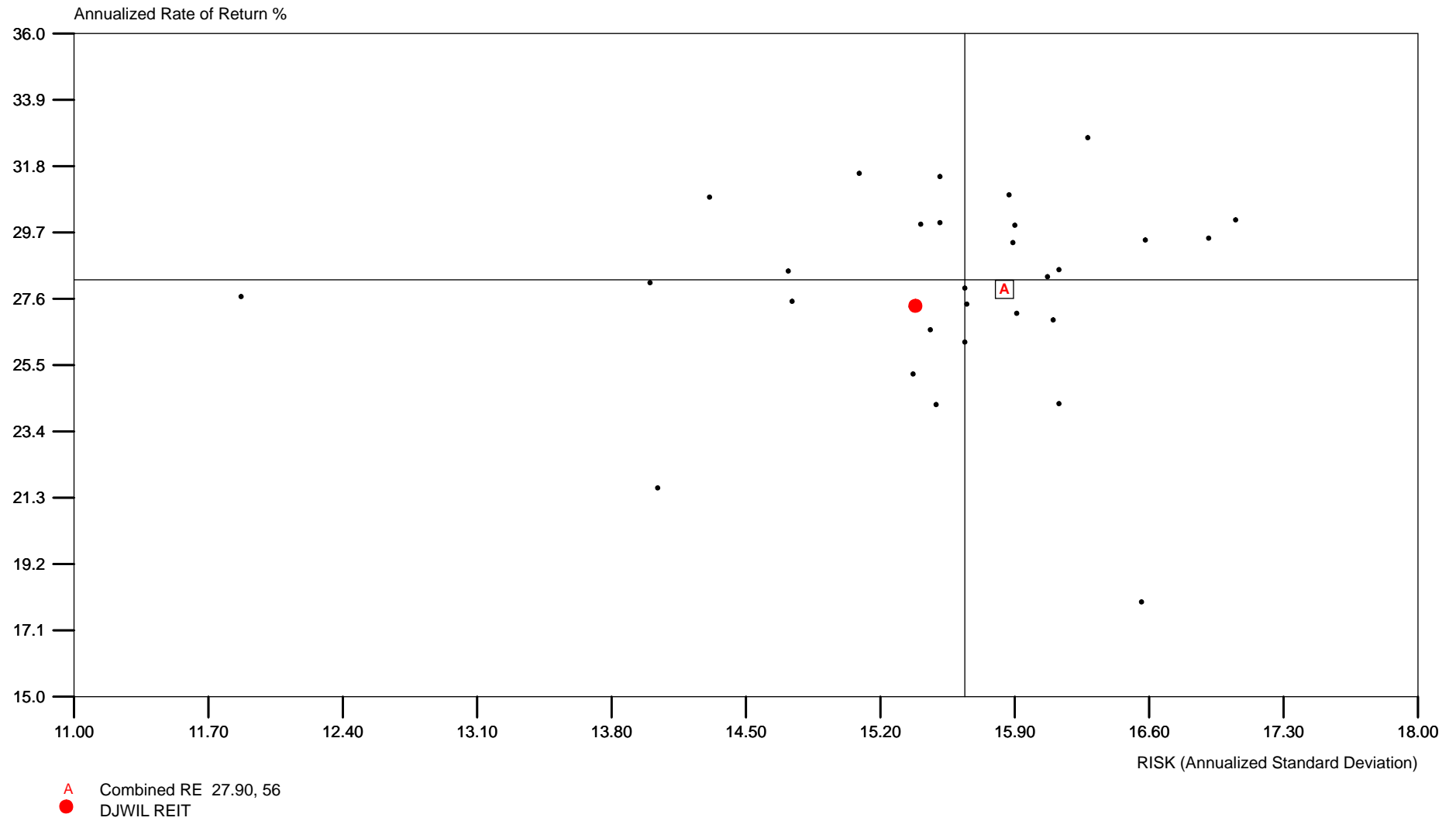
Annualized Rate of Return %



5th Percentile	10.81	39.90	28.12	31.53	28.91
25th Percentile	10.14	37.80	26.51	29.96	26.64
Median	9.67	35.91	25.50	28.20	25.57
75th Percentile	8.84	33.62	23.21	26.98	24.41
95th Percentile	6.58	25.71	19.52	22.80	21.62
# of Participants	38	34	31	30	28
● DJWIL REIT	8.97	36.14	24.58	27.38	23.87
A Combined RE	9.72 , 47	37.49 , 38	24.92 , 54	27.90 , 56	24.70 , 70

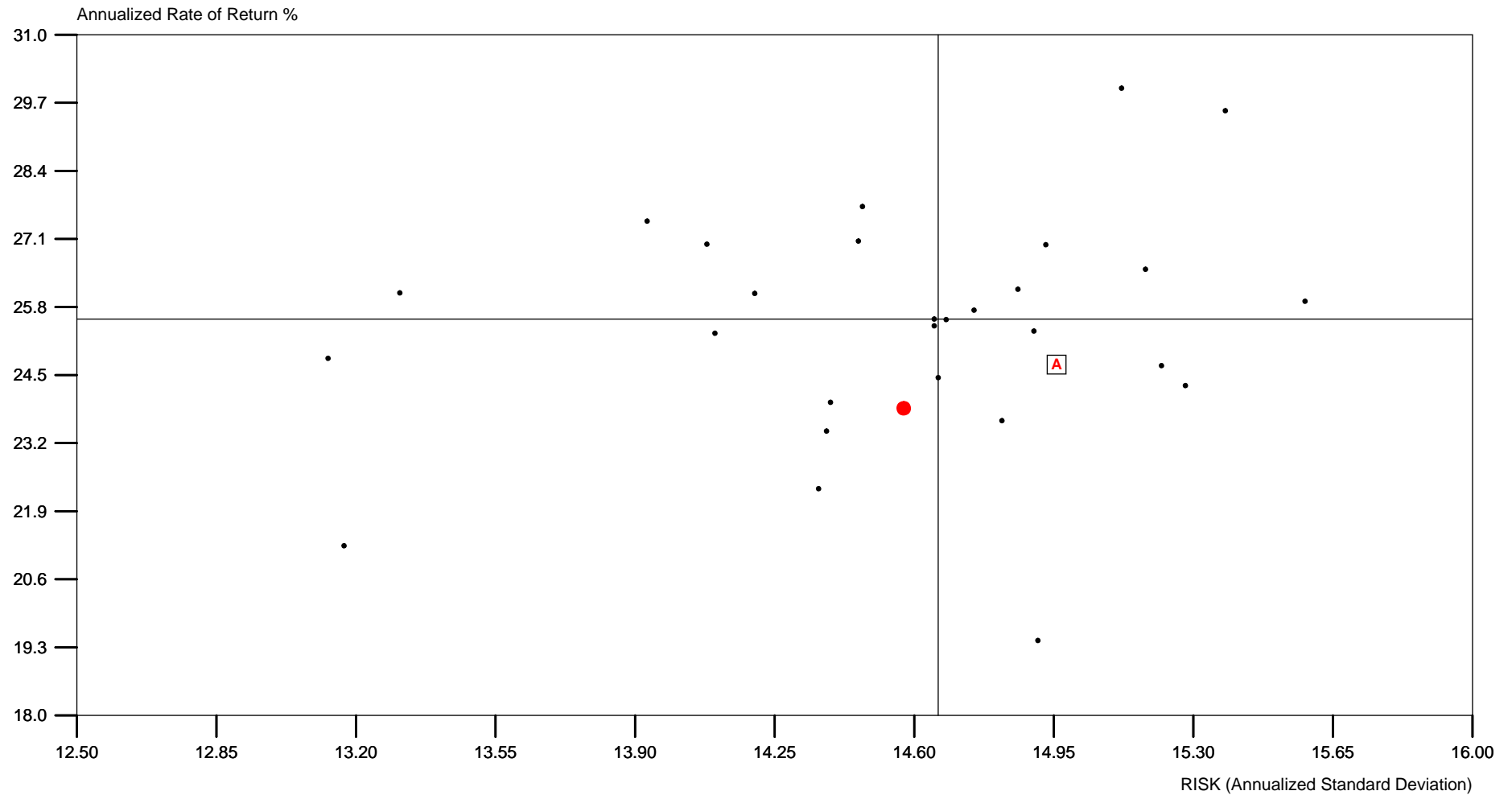
# Mercer US Real Estate Public REITS Universe

Risk-Return Comparisons  
3 Years Ending December 31, 2006  
30 Portfolios



# Mercer US Real Estate Public REITS Universe

Risk-Return Comparisons  
5 Years Ending December 31, 2006  
28 Portfolios



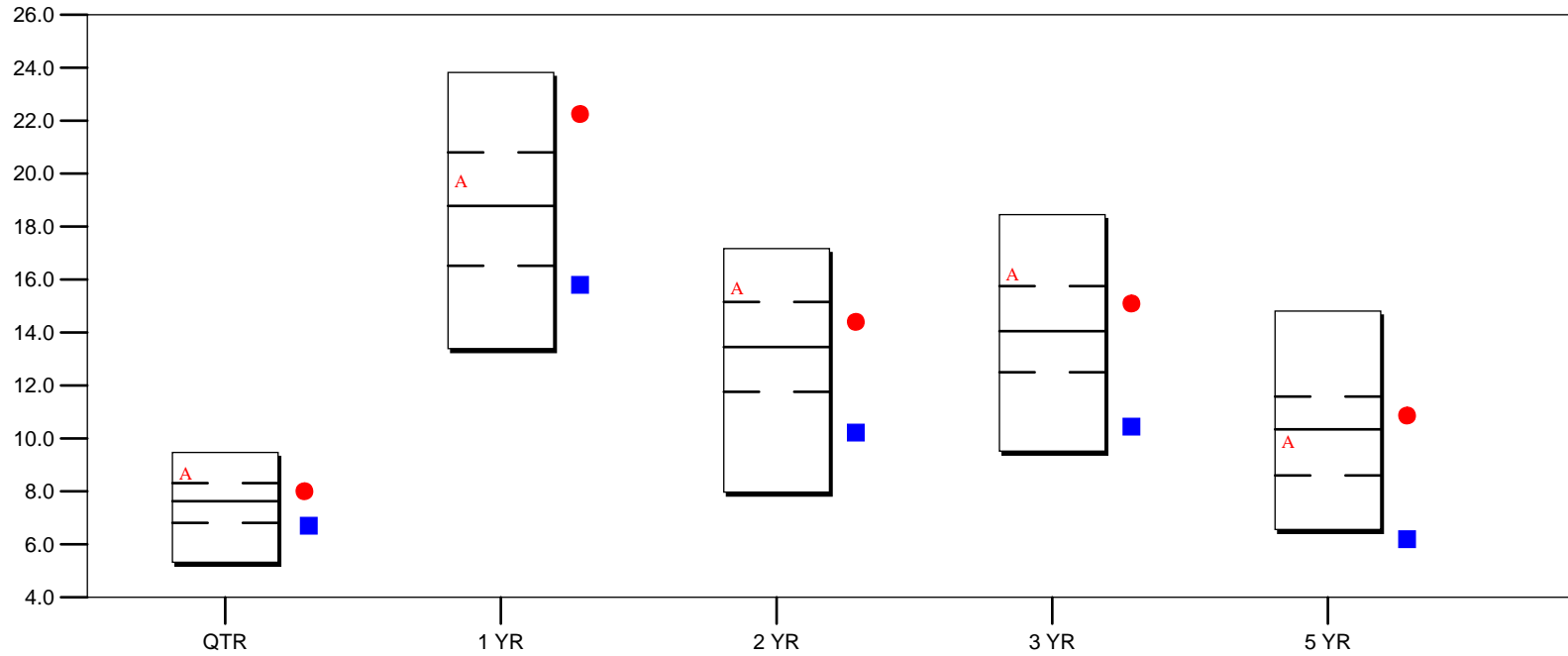
A Combined RE 24.70, 70  
● DJWIL REIT

# Mercer US Equity Large Cap Value Universe

Return Quartiles

Periods Ending December 31, 2006

Annualized Rate of Return %

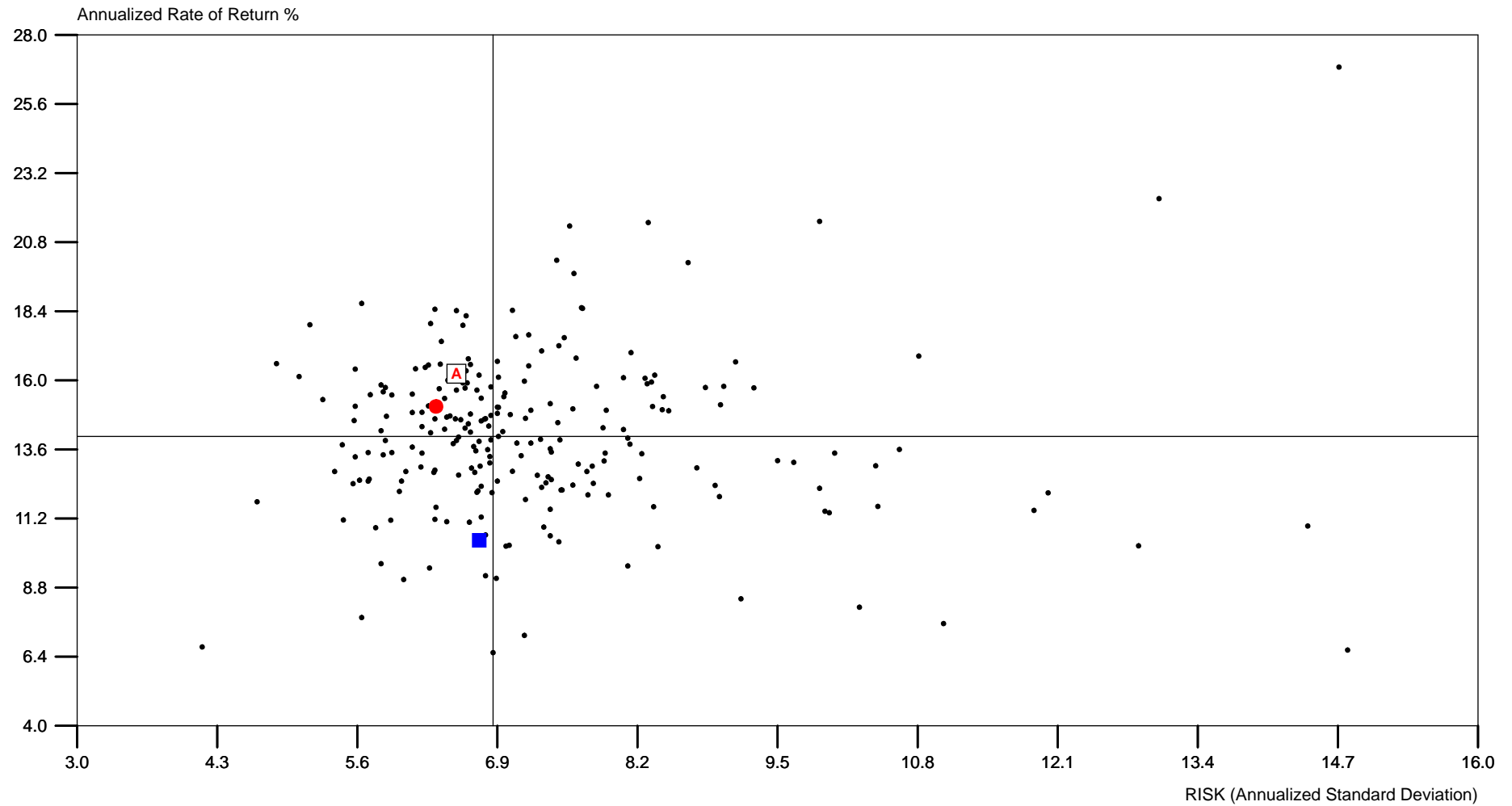


# Mercer US Equity Large Cap Value Universe

Risk-Return Comparisons

3 Years Ending December 31, 2006

231 Portfolios



- A Boston Partners 16.23, 18
- RUSSELL 1000 V
- S&P 500-S&P CALC

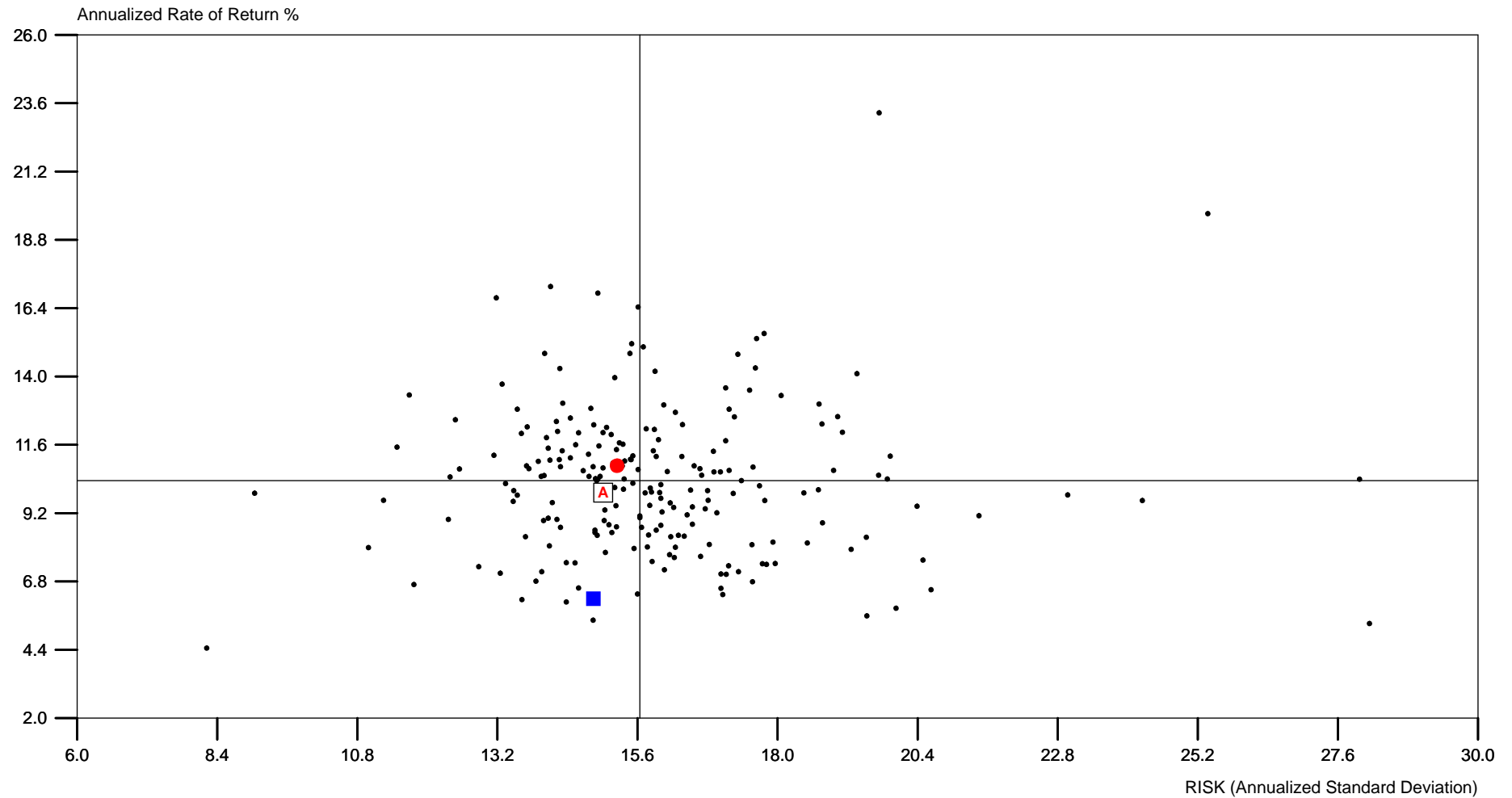
Mercer Investment Consulting

# Mercer US Equity Large Cap Value Universe

Risk-Return Comparisons

5 Years Ending December 31, 2006

215 Portfolios



- A Boston Partnrs 9.92, 56
- RUSSELL 1000 V
- S&P 500-S&P CALC

Mercer Investment Consulting

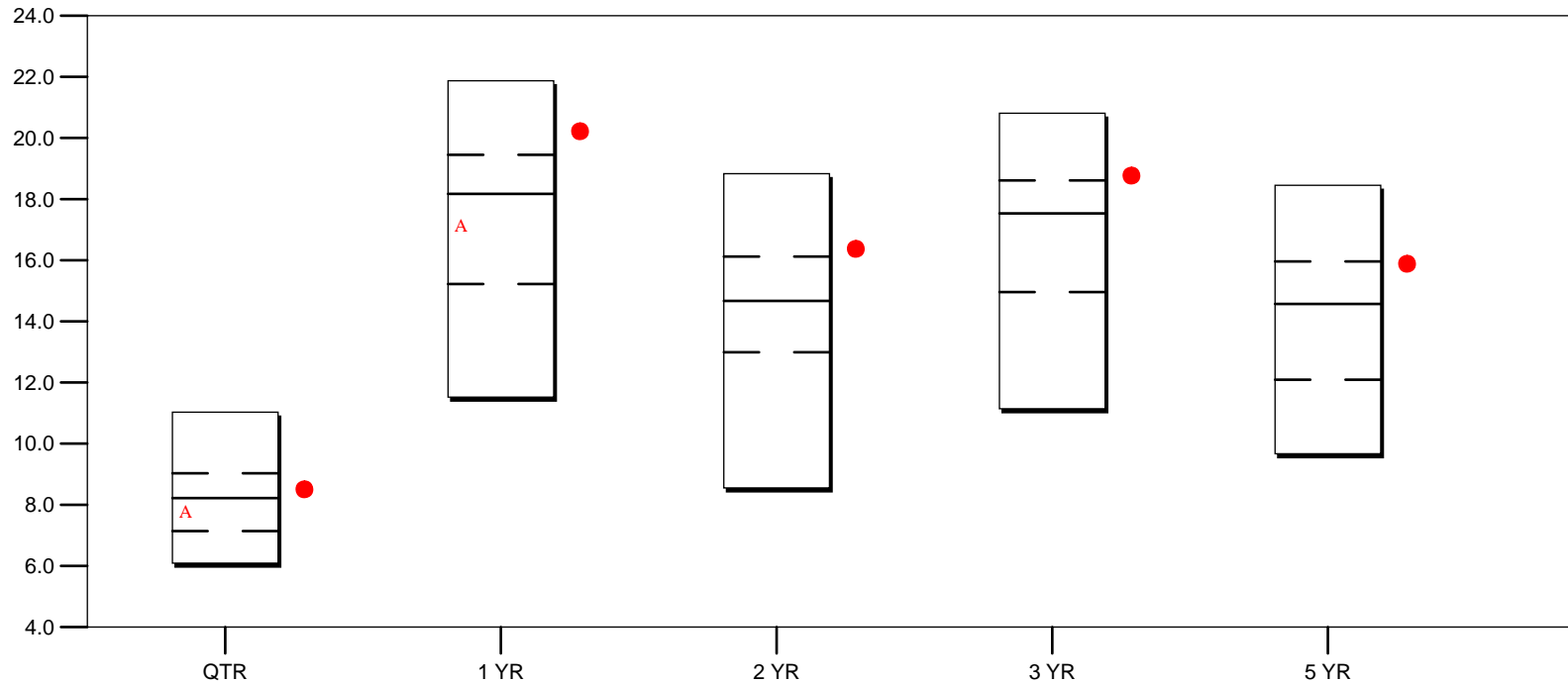


# Mercer US Equity Mid Cap Value Universe

## Return Quartiles

Periods Ending December 31, 2006

Annualized Rate of Return %



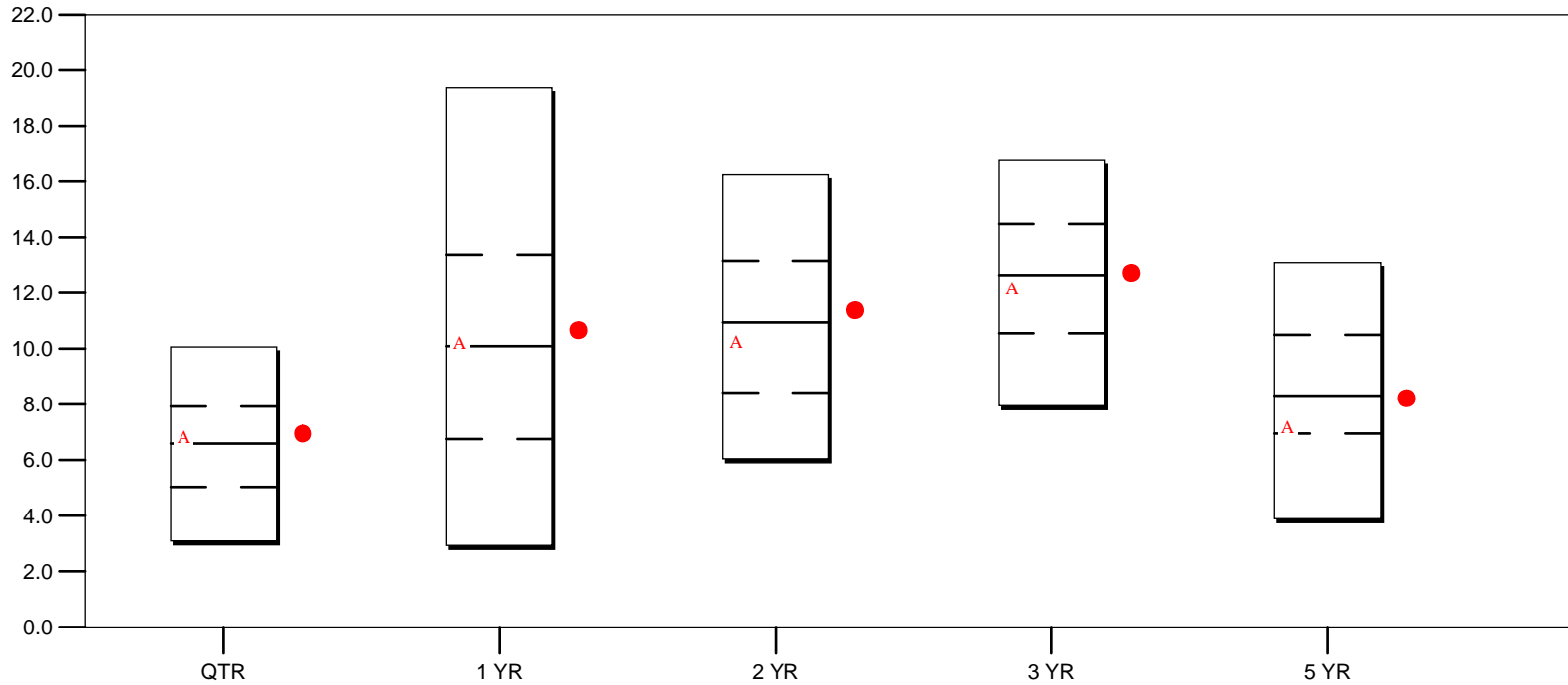
5th Percentile	11.03	21.87	18.83	20.81	18.45
25th Percentile	9.03	19.45	16.12	18.61	15.96
Median	8.22	18.17	14.67	17.53	14.57
75th Percentile	7.14	15.22	12.99	14.96	12.09
95th Percentile	6.09	11.52	8.55	11.14	9.67
# of Participants	81	77	70	69	58
Russell Midcap Value Index	8.50	20.22	16.37	18.77	15.88
Hotchkis & Wiley	7.82 , 63	17.17 , 62	---	---	---

# Mercer US Equity Mid Cap Growth Universe

Return Quartiles

Periods Ending December 31, 2006

Annualized Rate of Return %

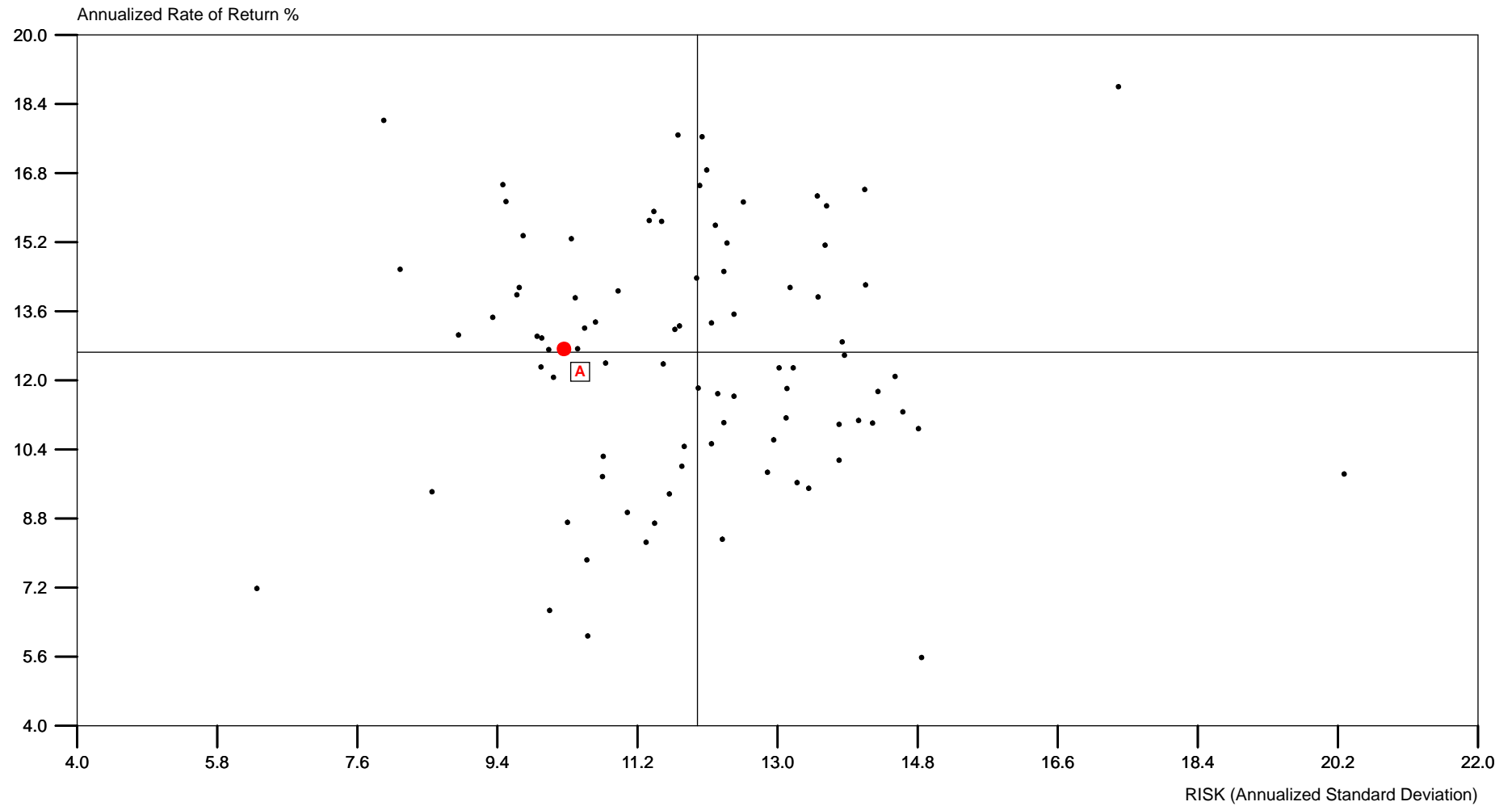


# Mercer US Equity Mid Cap Growth Universe

Risk-Return Comparisons

3 Years Ending December 31, 2006

86 Portfolios



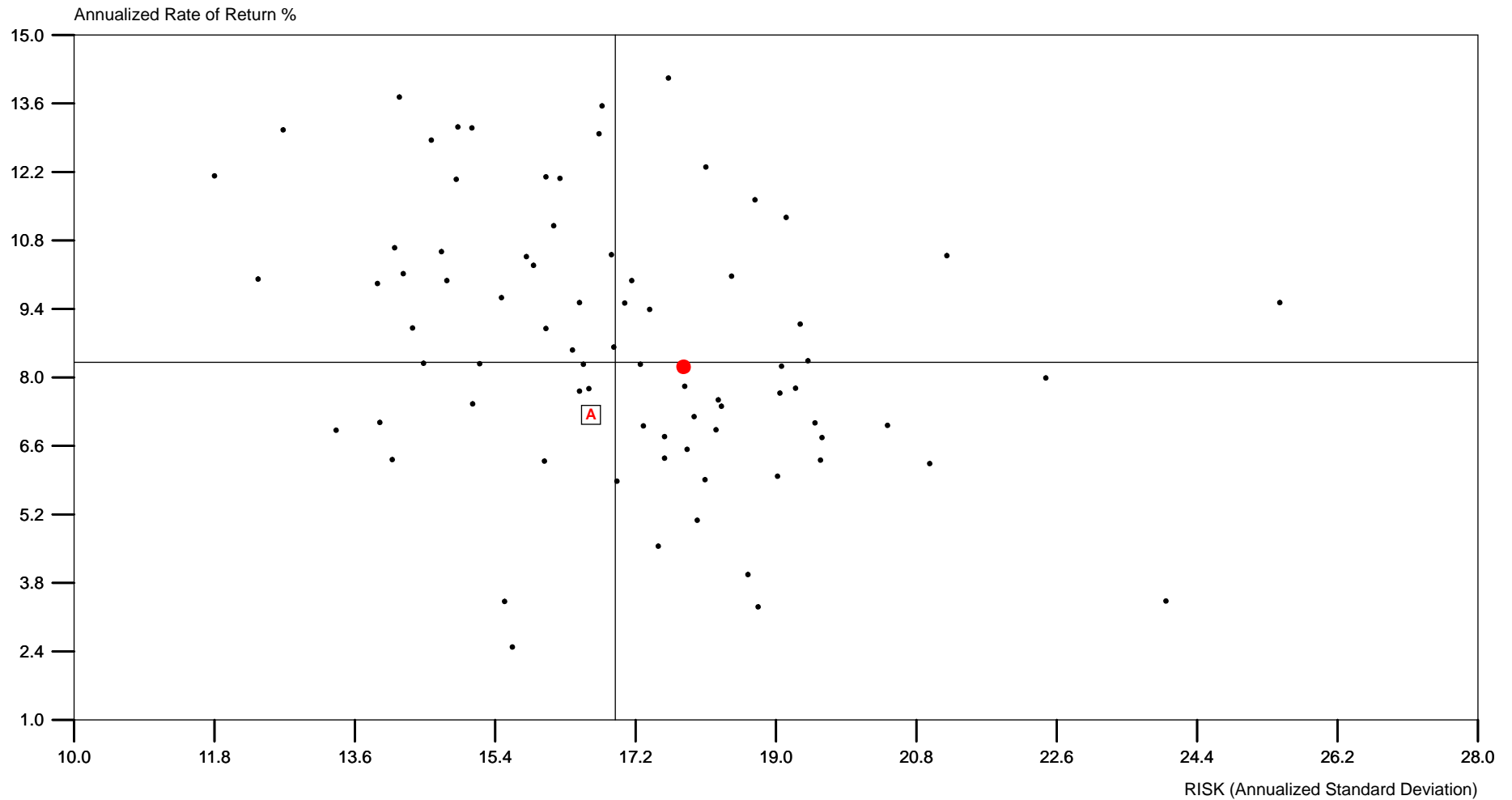
A Artisan Partnrs 12.20, 56  
● RUSSELL MIDCAP G

# Mercer US Equity Mid Cap Growth Universe

Risk-Return Comparisons

5 Years Ending December 31, 2006

78 Portfolios



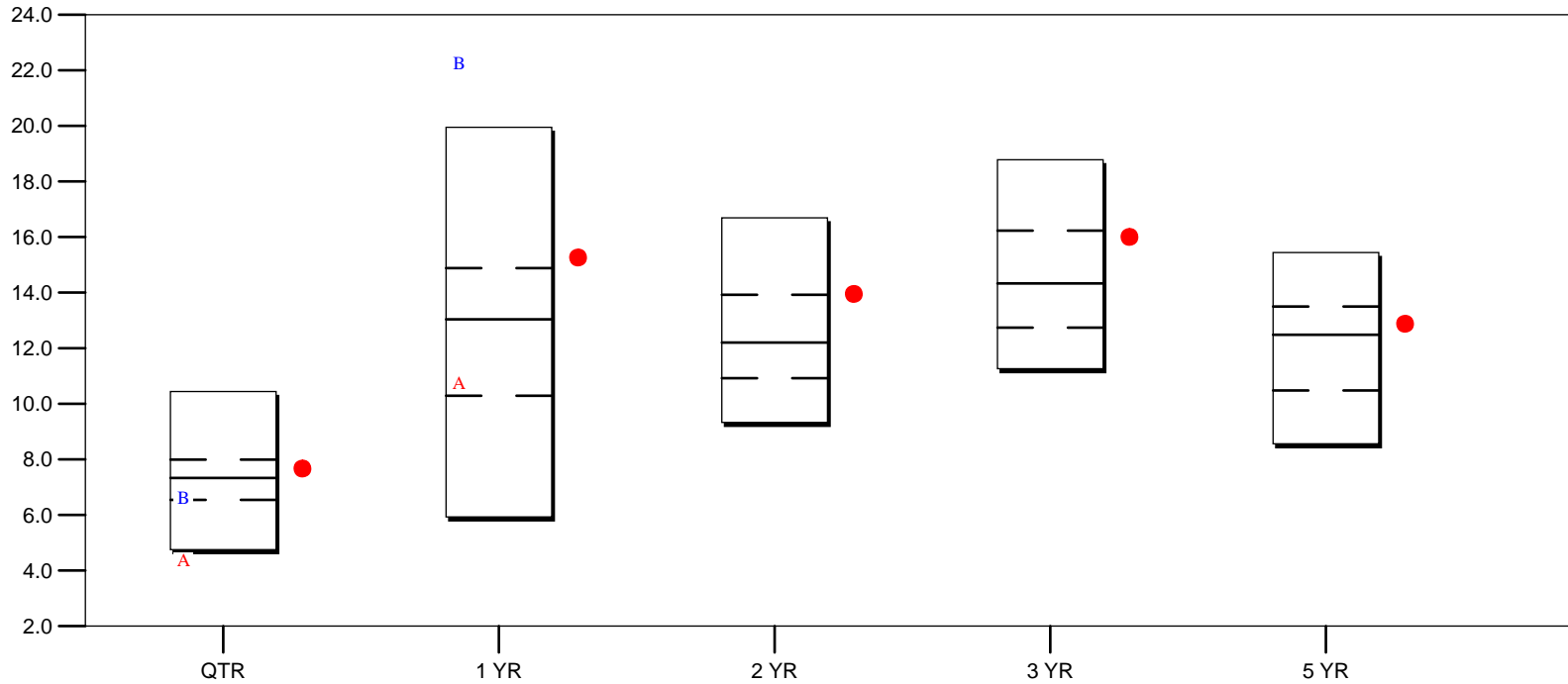
A Artisan Partnrs 7.24, 68  
● RUSSELL MIDCAP G

# Mercer US Equity Mid Cap Core Universe

Return Quartiles

Periods Ending December 31, 2006

Annualized Rate of Return %

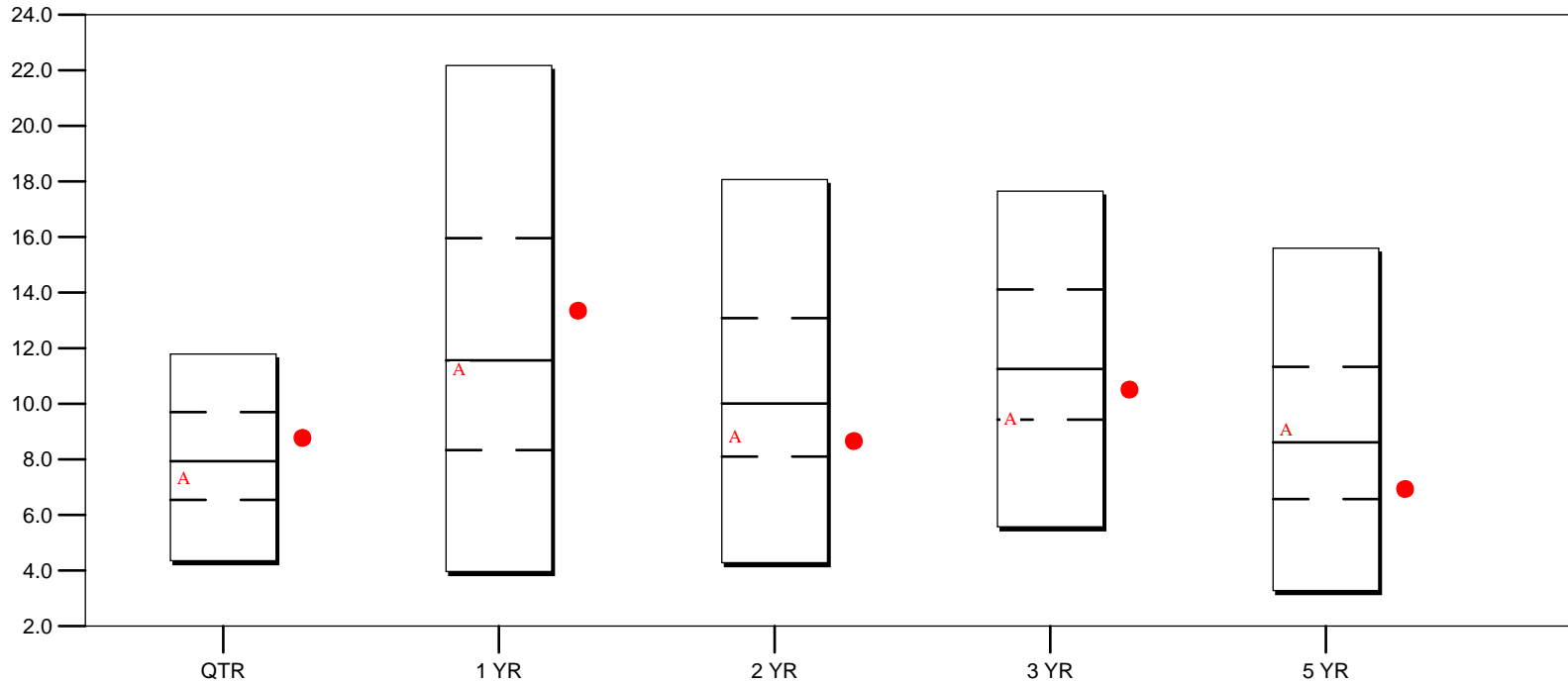


# Mercer US Equity Small Cap Growth Universe

Return Quartiles

Periods Ending December 31, 2006

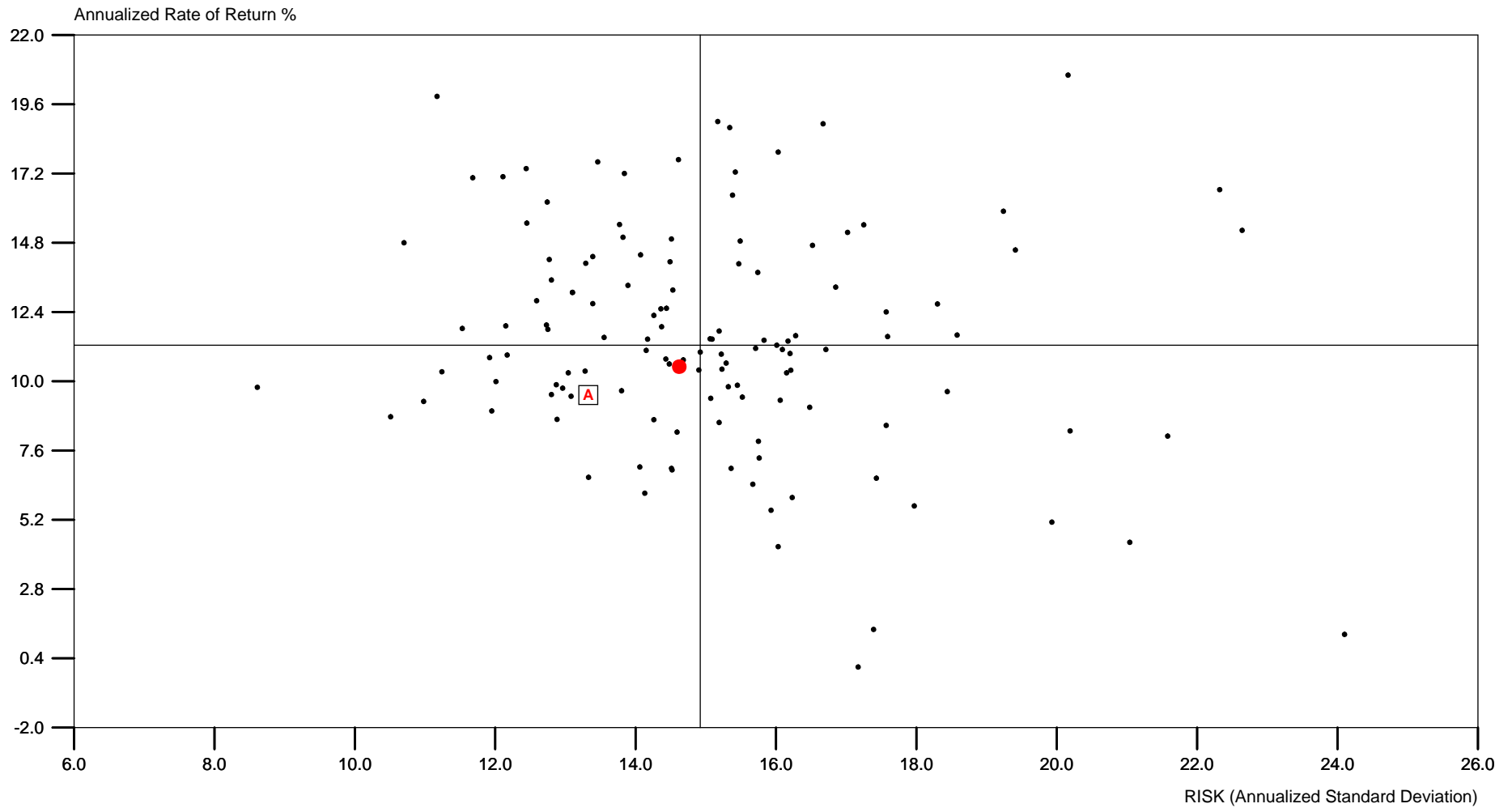
Annualized Rate of Return %



5th Percentile	11.79	22.17	18.07	17.65	15.60
25th Percentile	9.70	15.96	13.08	14.11	11.33
Median	7.93	11.56	10.01	11.25	8.61
75th Percentile	6.54	8.33	8.10	9.43	6.57
95th Percentile	4.35	3.96	4.28	5.57	3.28
# of Participants	151	147	136	127	115
● RUSSELL 2000 G	8.77	13.35	8.65	10.51	6.93
A Westfield Cap	7.37 , 64	11.30 , 53	8.87 , 65	9.52 , 74	9.11 , 40

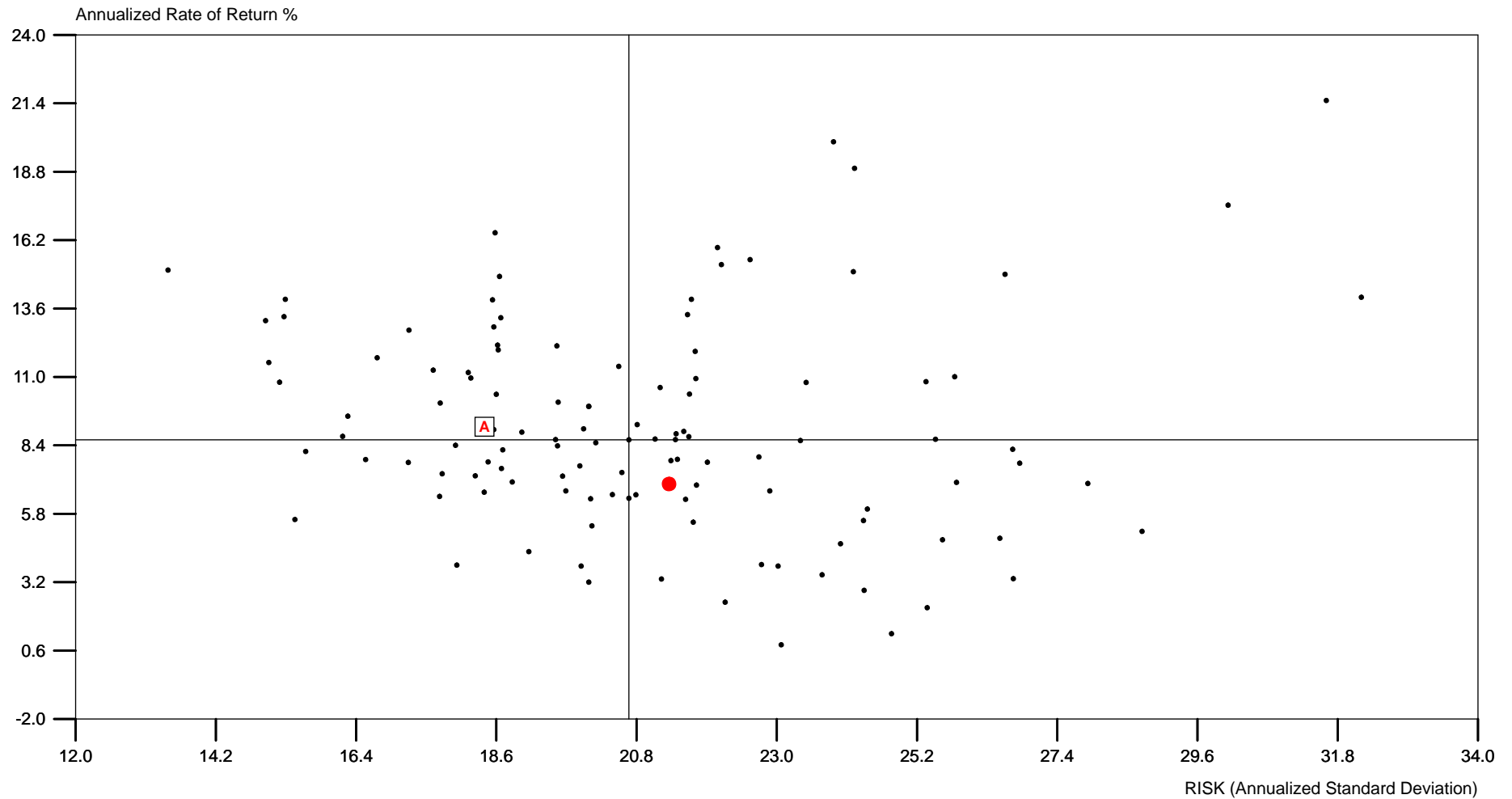
# Mercer US Equity Small Cap Growth Universe

Risk-Return Comparisons  
3 Years Ending December 31, 2006  
127 Portfolios



# Mercer US Equity Small Cap Growth Universe

Risk-Return Comparisons  
5 Years Ending December 31, 2006  
115 Portfolios



A Westfield Cap 9.11, 40  
● RUSSELL 2000 G

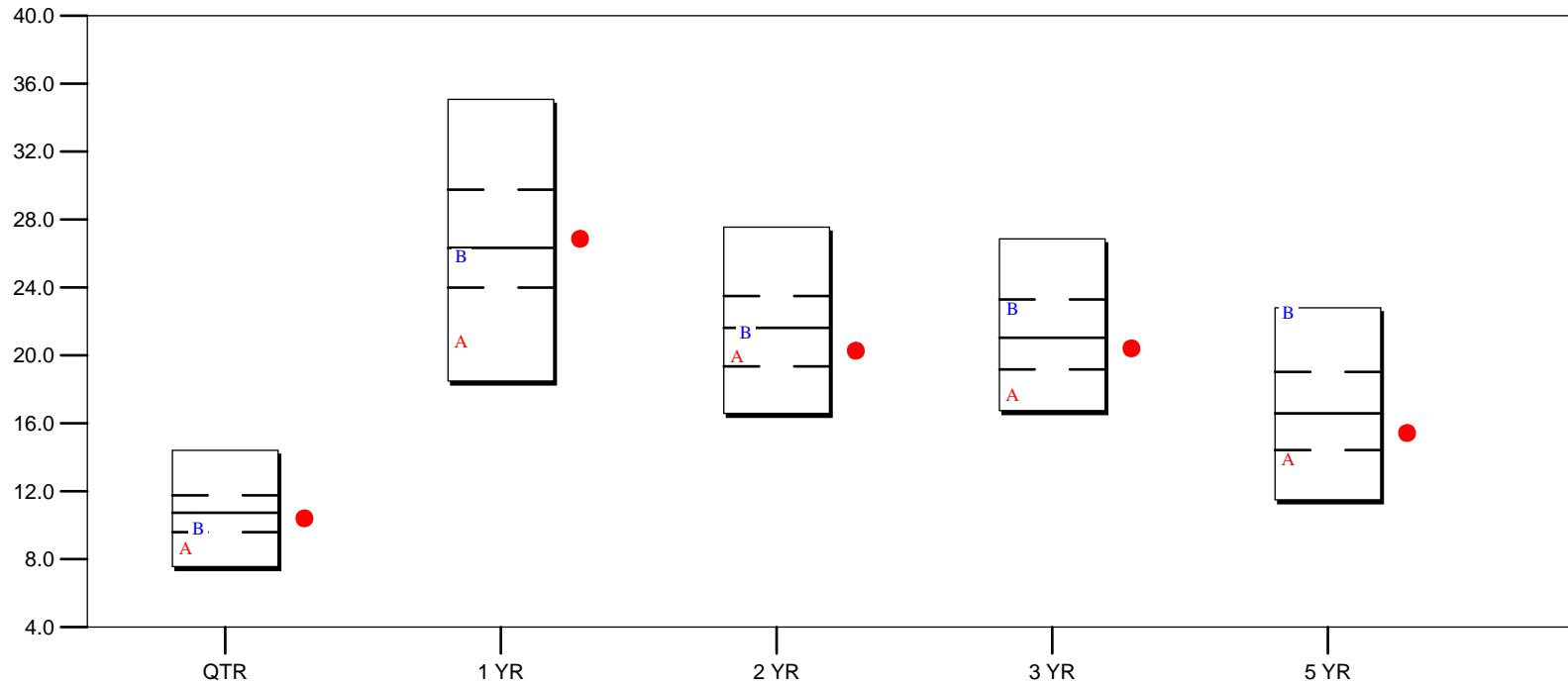


# Mercer Intl Equity Universe

## Return Quartiles

### Periods Ending December 31, 2006

Annualized Rate of Return %



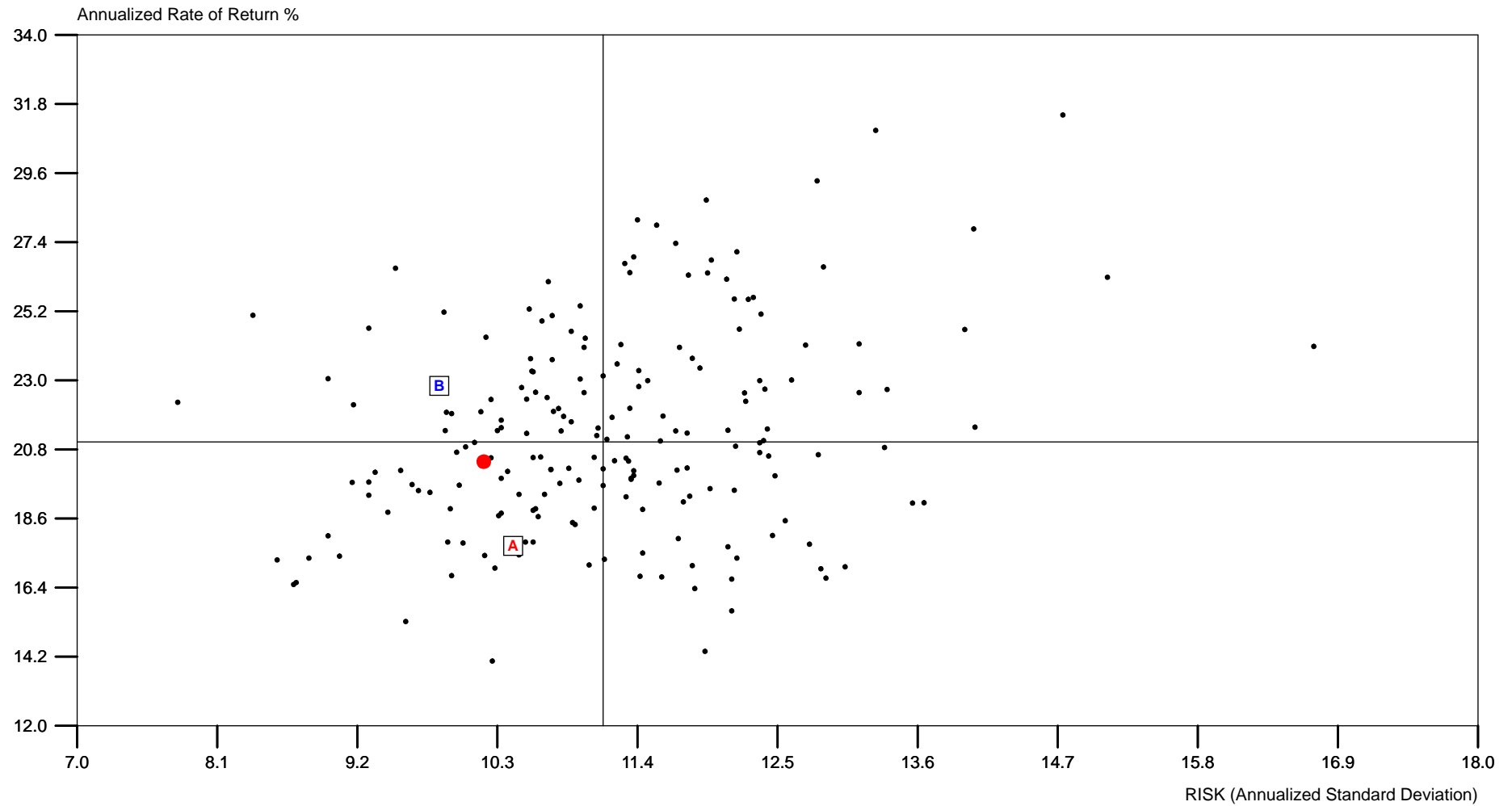
5th Percentile	14.41	35.07	27.55	26.86	22.80
25th Percentile	11.76	29.76	23.49	23.29	19.02
Median	10.73	26.33	21.62	21.04	16.58
75th Percentile	9.59	23.99	19.35	19.17	14.42
95th Percentile	7.56	18.49	16.58	16.75	11.49
# of Participants	221	212	200	194	170
● MSCI EAFE	10.40	26.86	20.27	20.41	15.43
A Capital Guardn	8.69 , 85	20.88 , 90	20.00 , 69	17.73 , 86	13.98 , 79
B Grantham Mayo	9.88 , 71	25.90 , 55	21.42 , 53	22.82 , 29	22.59 , 6

# Mercer Intl Equity Universe

## Risk-Return Comparisons

### 3 Years Ending December 31, 2006

194 Portfolios



- A Capital Guardn 17.73, 86
- B Grantham Mayo 22.82, 29
- MSCI EAFE

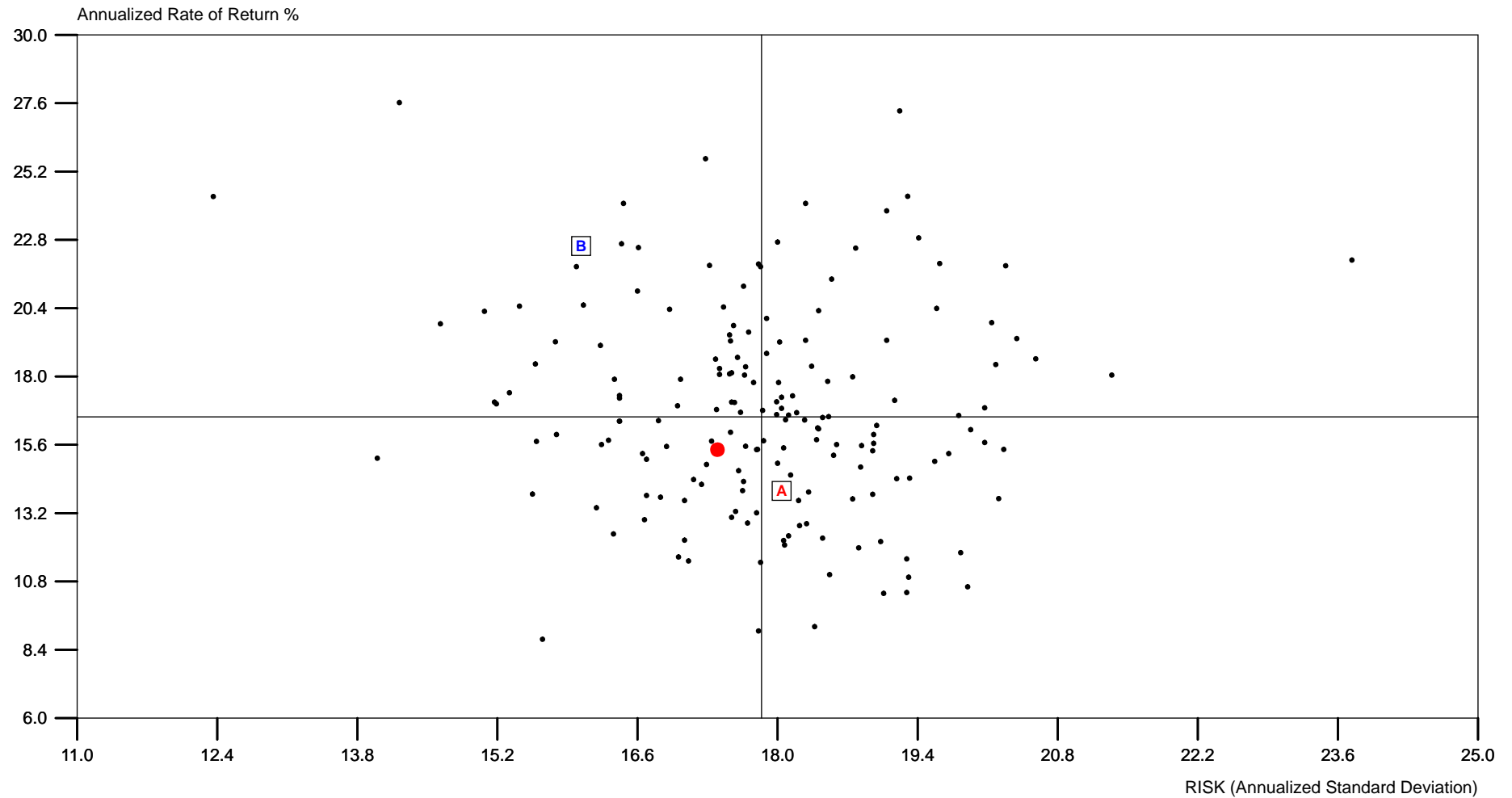
Mercer Investment Consulting

# Mercer Intl Equity Universe

## Risk-Return Comparisons

### 5 Years Ending December 31, 2006

#### 170 Portfolios



- A Capital Guardn 13.98, 79
- B Grantham Mayo 22.59, 6
- MSCI EAFE

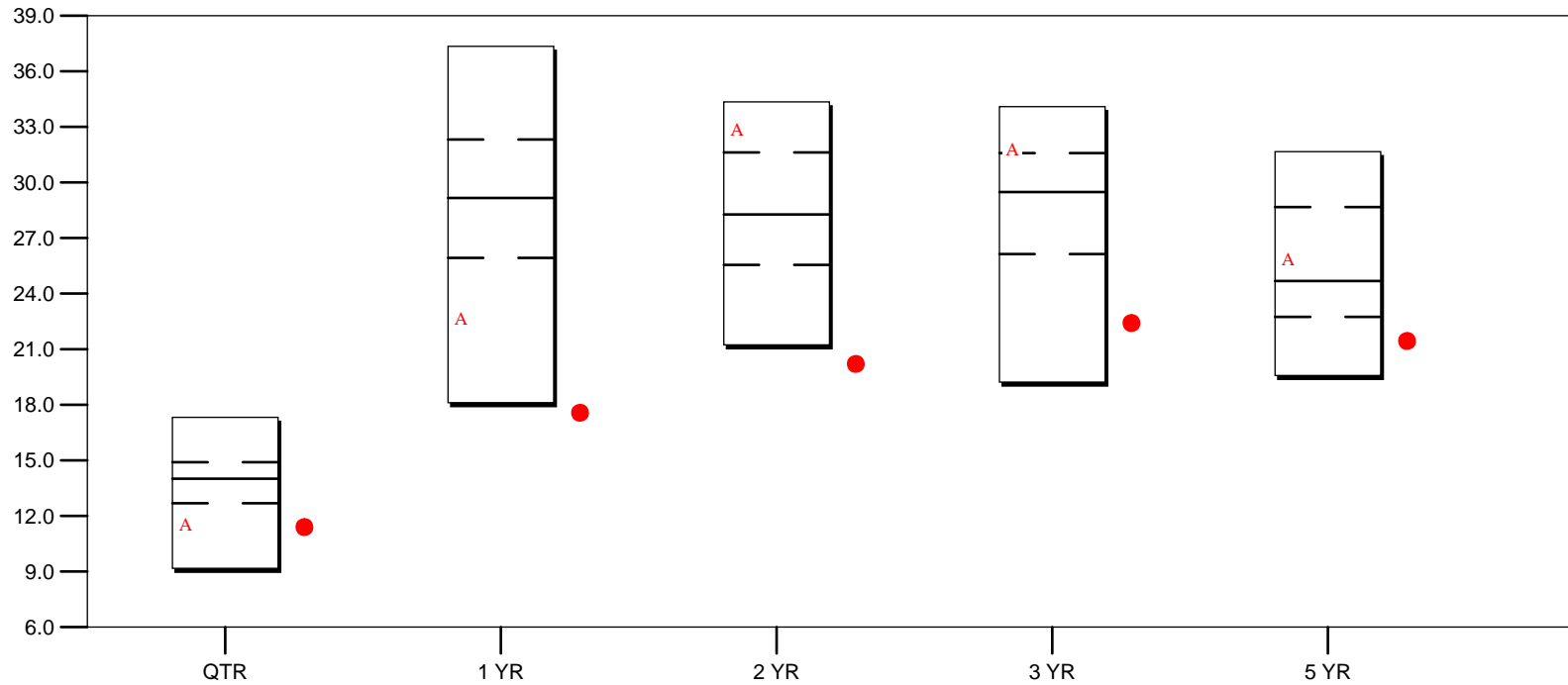
Mercer Investment Consulting

# Mercer Intl Equity Small Cap Universe

## Return Quartiles

Periods Ending December 31, 2006

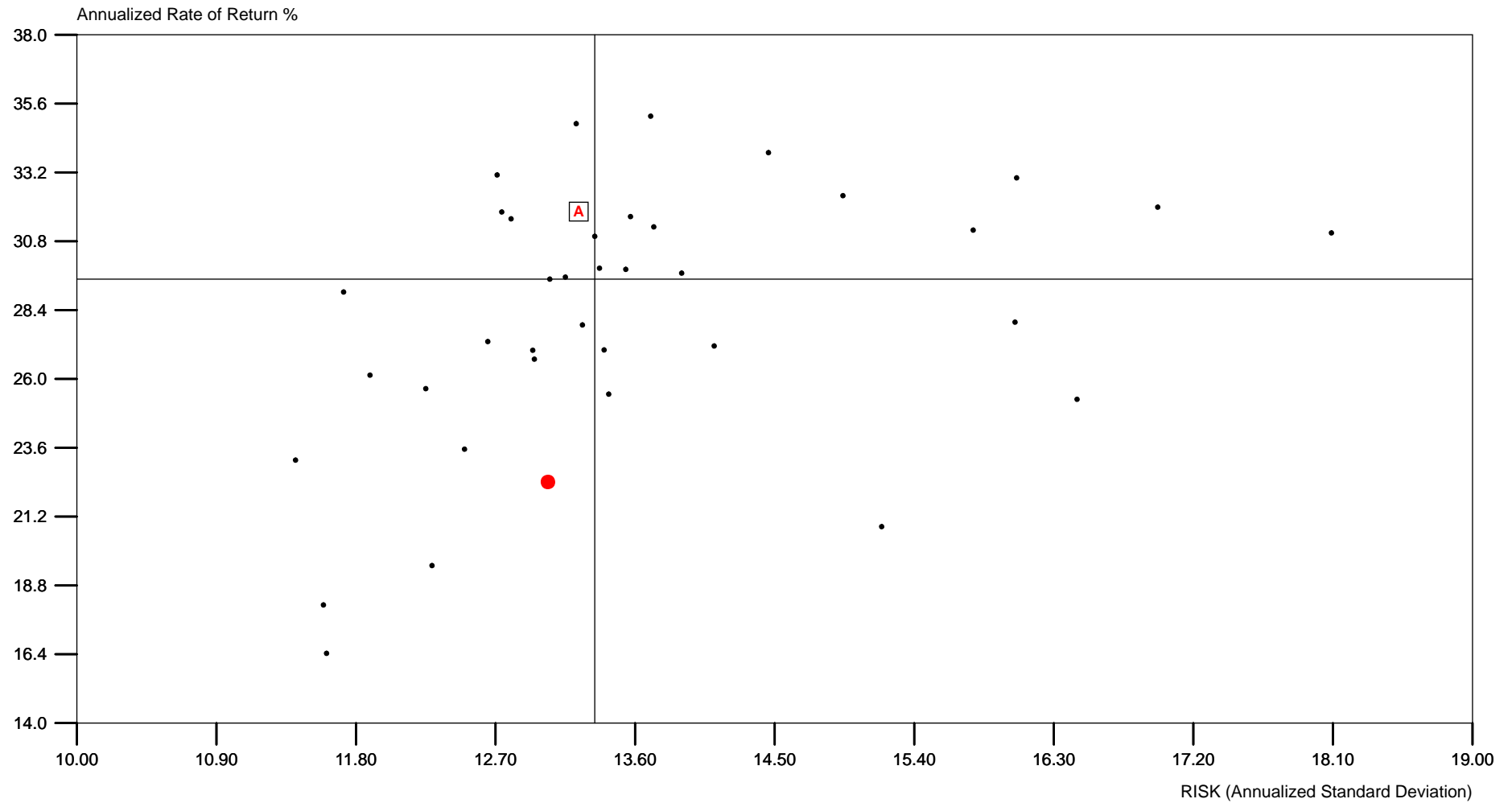
Annualized Rate of Return %



5th Percentile	17.32	37.35	34.35	34.09	31.66
25th Percentile	14.90	32.32	31.62	31.58	28.67
Median	14.01	29.16	28.27	29.48	24.68
75th Percentile	12.68	25.93	25.55	26.13	22.74
95th Percentile	9.17	18.11	21.23	19.22	19.58
# of Participants	39	39	38	37	32
● MSCI WLD X US SCP	11.40	17.56	20.20	22.41	21.44
A Capital Guardn	11.60 , 86	22.70 , 85	32.90 , 9	31.84 , 19	25.91 , 43

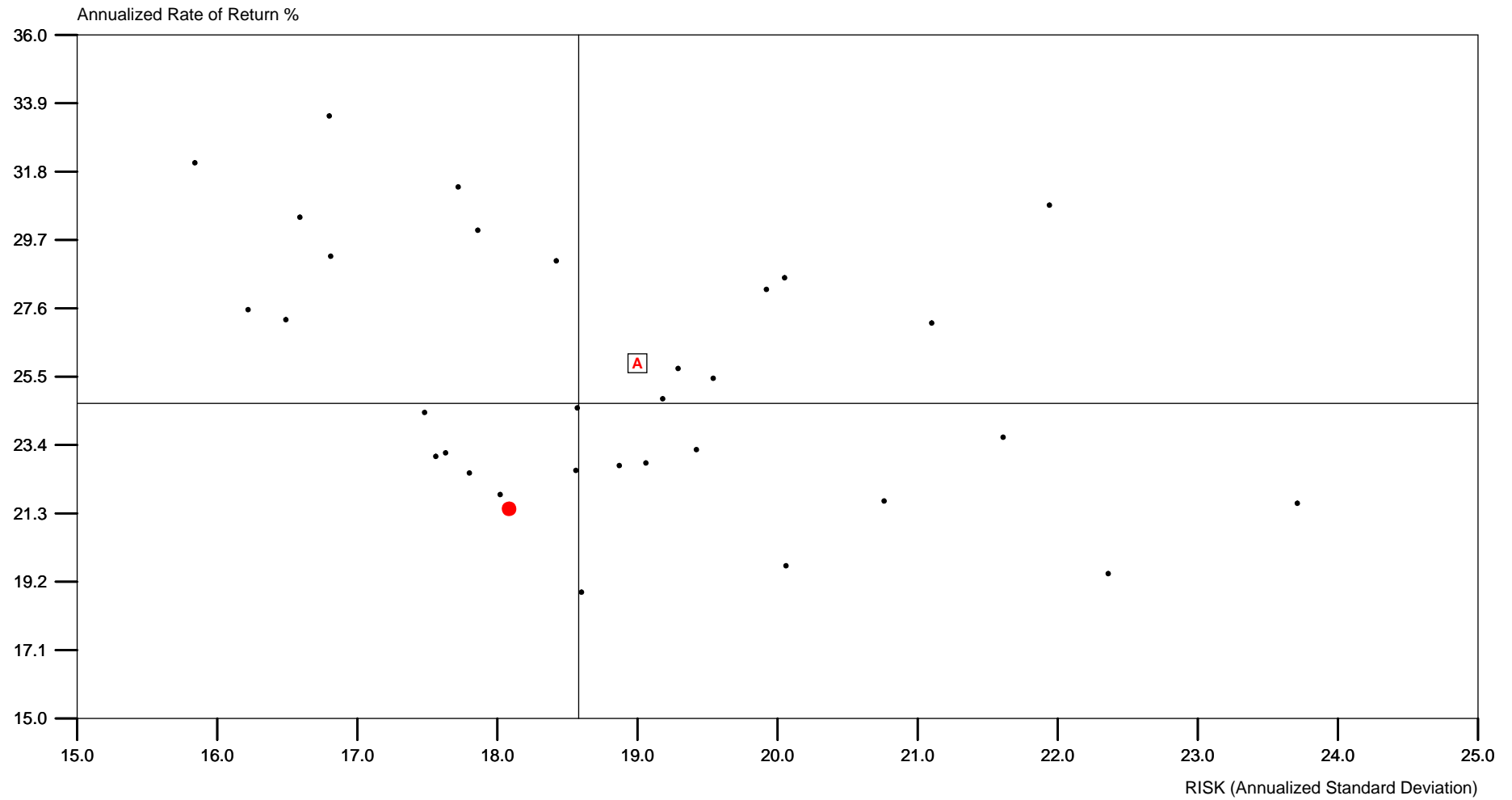
# Mercer Intl Equity Small Cap Universe

Risk-Return Comparisons  
3 Years Ending December 31, 2006  
37 Portfolios



# Mercer Intl Equity Small Cap Universe

Risk-Return Comparisons  
5 Years Ending December 31, 2006  
32 Portfolios

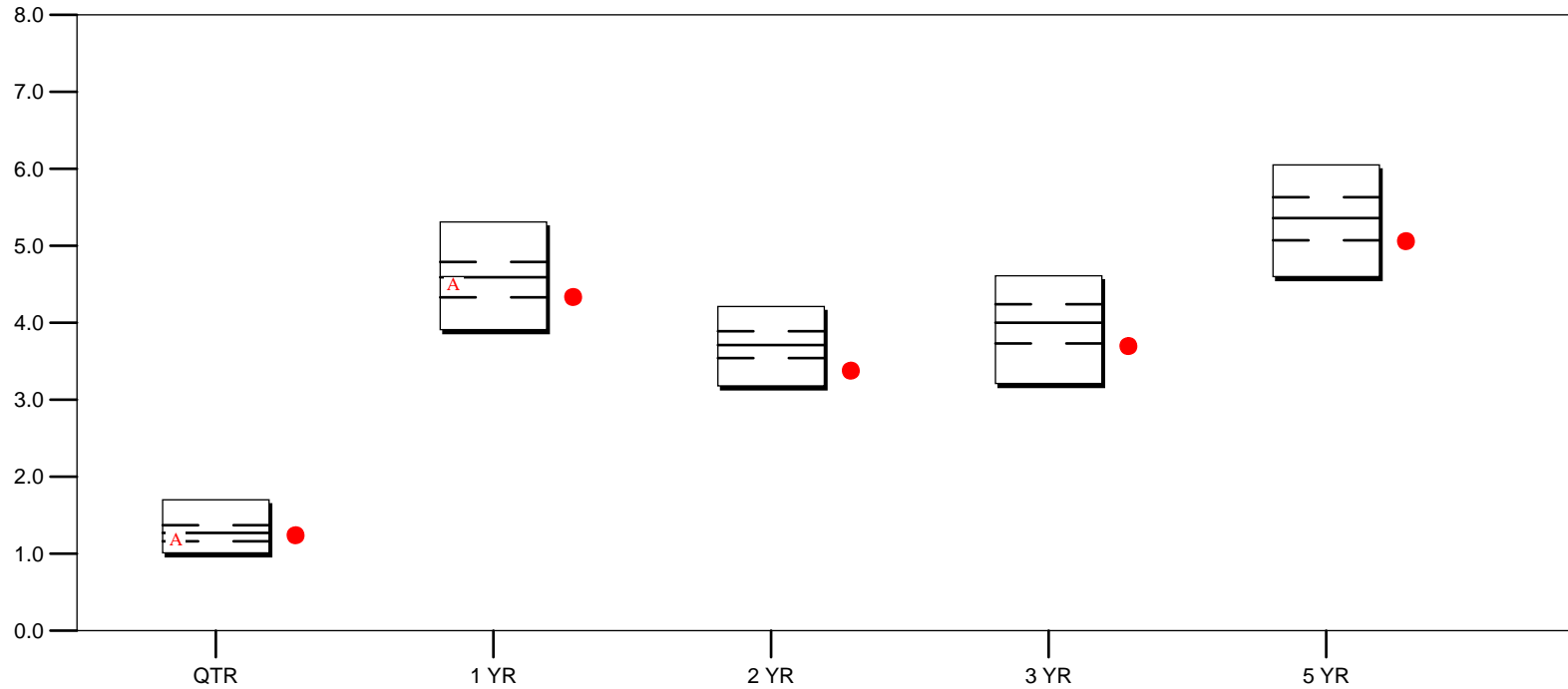


A Capital Guardn 25.91, 43  
● MSCI WLD X US SCP

# Mercer US Fixed Core Investment Grade Universe

Return Quartiles  
Periods Ending December 31, 2006

Annualized Rate of Return %



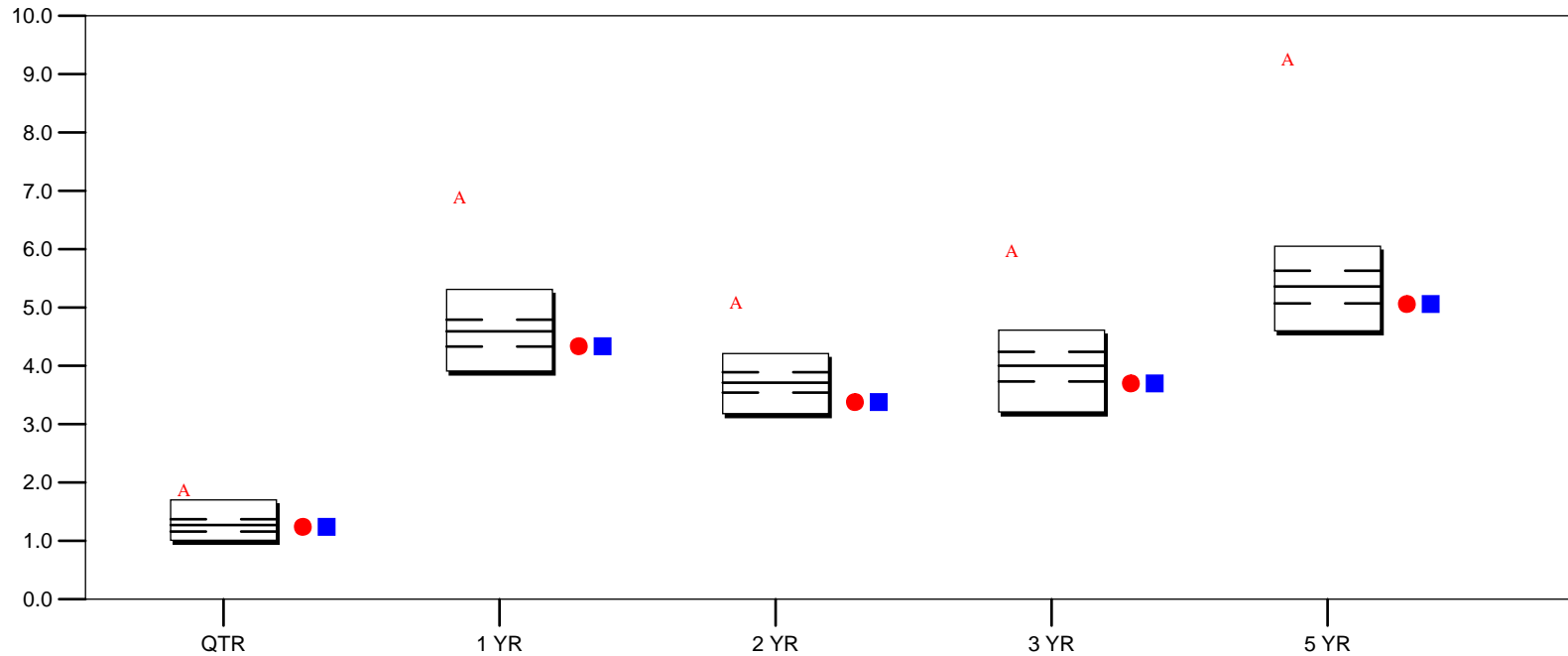
5th Percentile	1.70	5.31	4.21	4.61	6.05
25th Percentile	1.37	4.79	3.89	4.24	5.63
Median	1.27	4.59	3.71	4.00	5.36
75th Percentile	1.16	4.33	3.54	3.73	5.07
95th Percentile	1.01	3.91	3.18	3.21	4.60
# of Participants	142	134	131	130	128
● LB AGGREGATE	1.24	4.33	3.38	3.70	5.06
A JPMorgan Asset Management	1.20 , 68	4.51 , 58	---	---	---

# Mercer US Fixed Core Investment Grade Universe

Return Quartiles

Periods Ending December 31, 2006

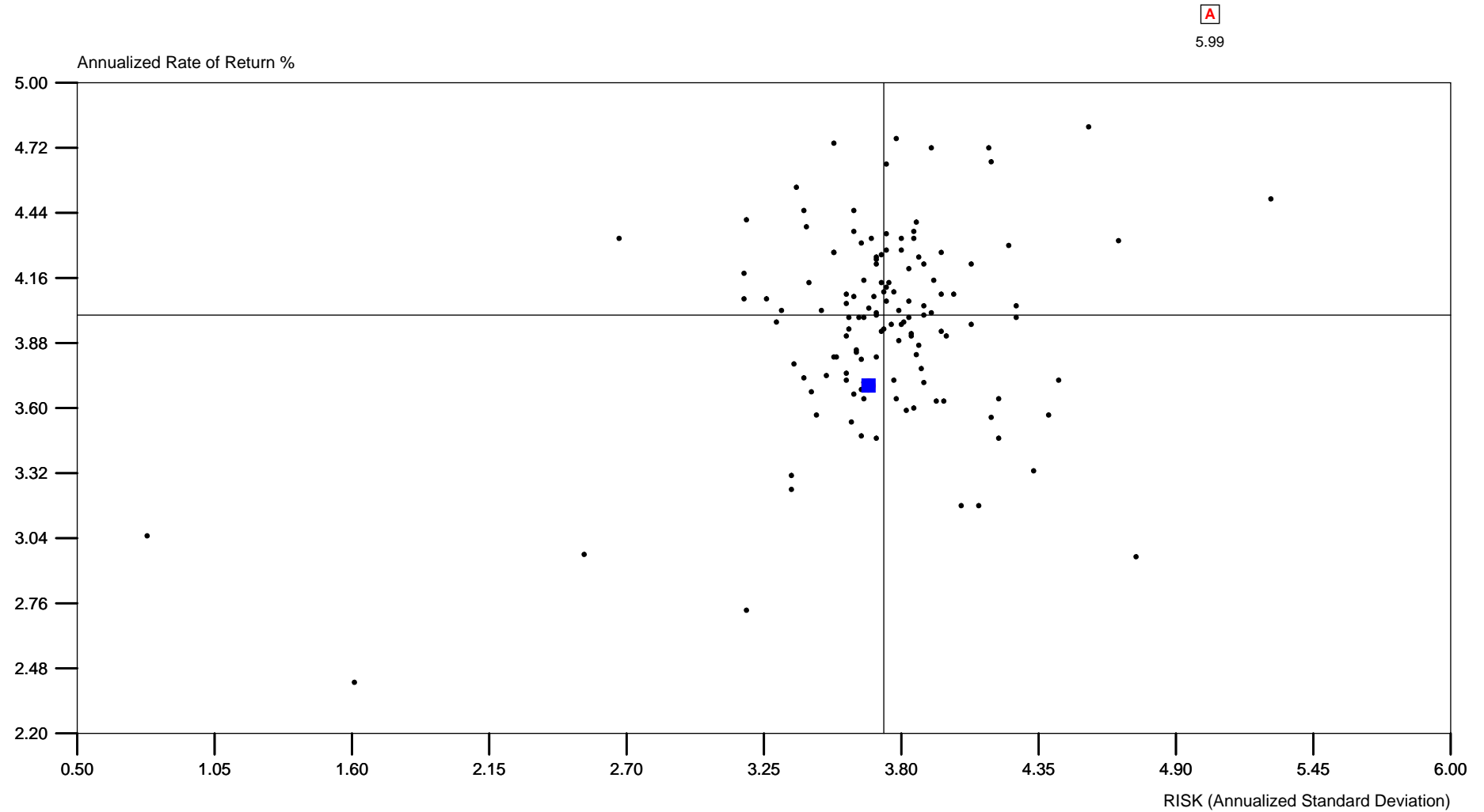
Annualized Rate of Return %





# Mercer US Fixed Core Investment Grade Universe

Risk-Return Comparisons  
3 Years Ending December 31, 2006  
130 Portfolios



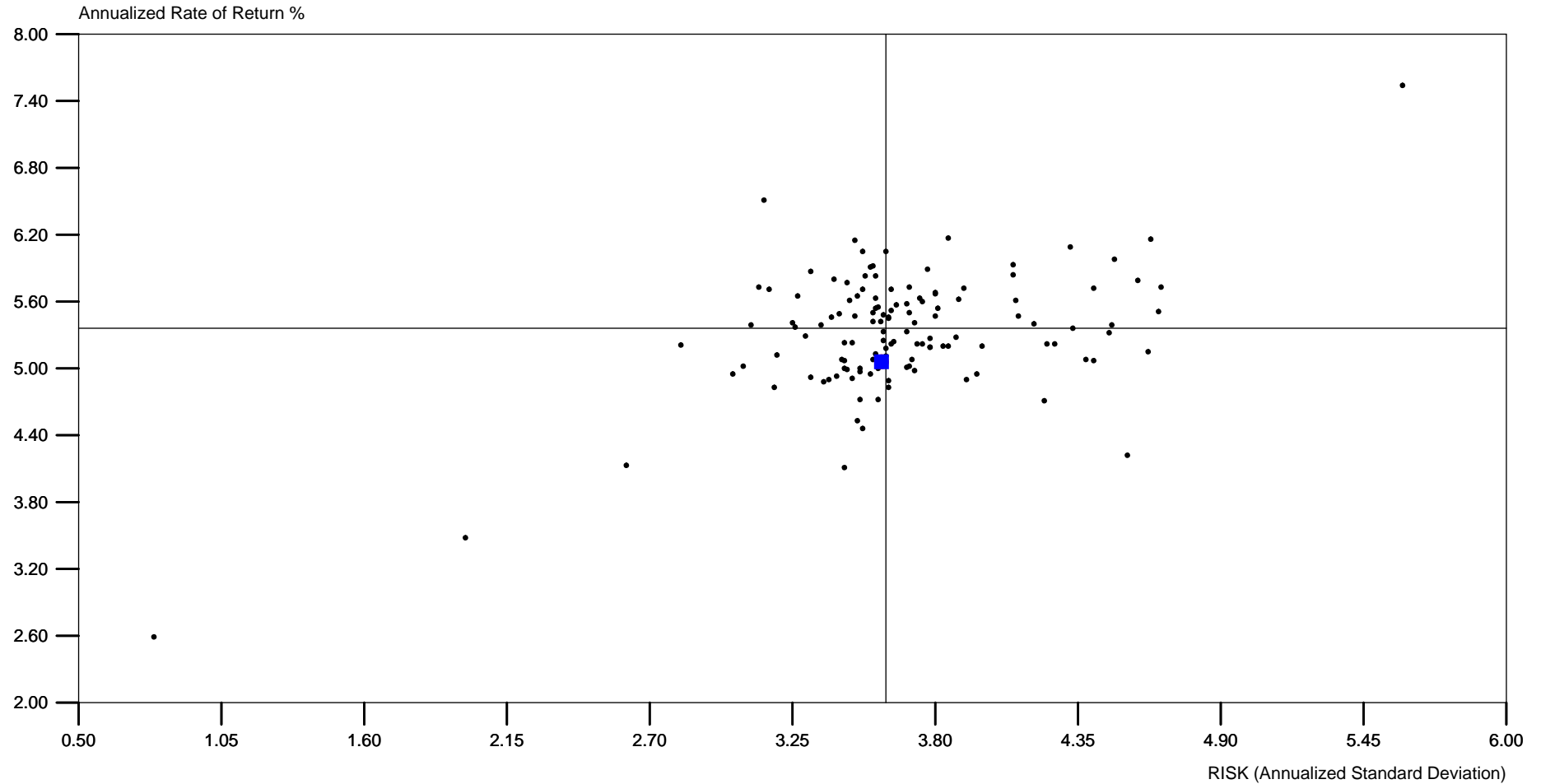
- A Loomis Sayles 5.99, 0
- LB AGGREGATE
- FI REF

Mercer Investment Consulting

# Mercer US Fixed Core Investment Grade Universe

Risk-Return Comparisons  
5 Years Ending December 31, 2006  
128 Portfolios

A  
9.26



A Loomis Sayles 9.26, 0  
● LB AGGREGATE  
■ FI REF

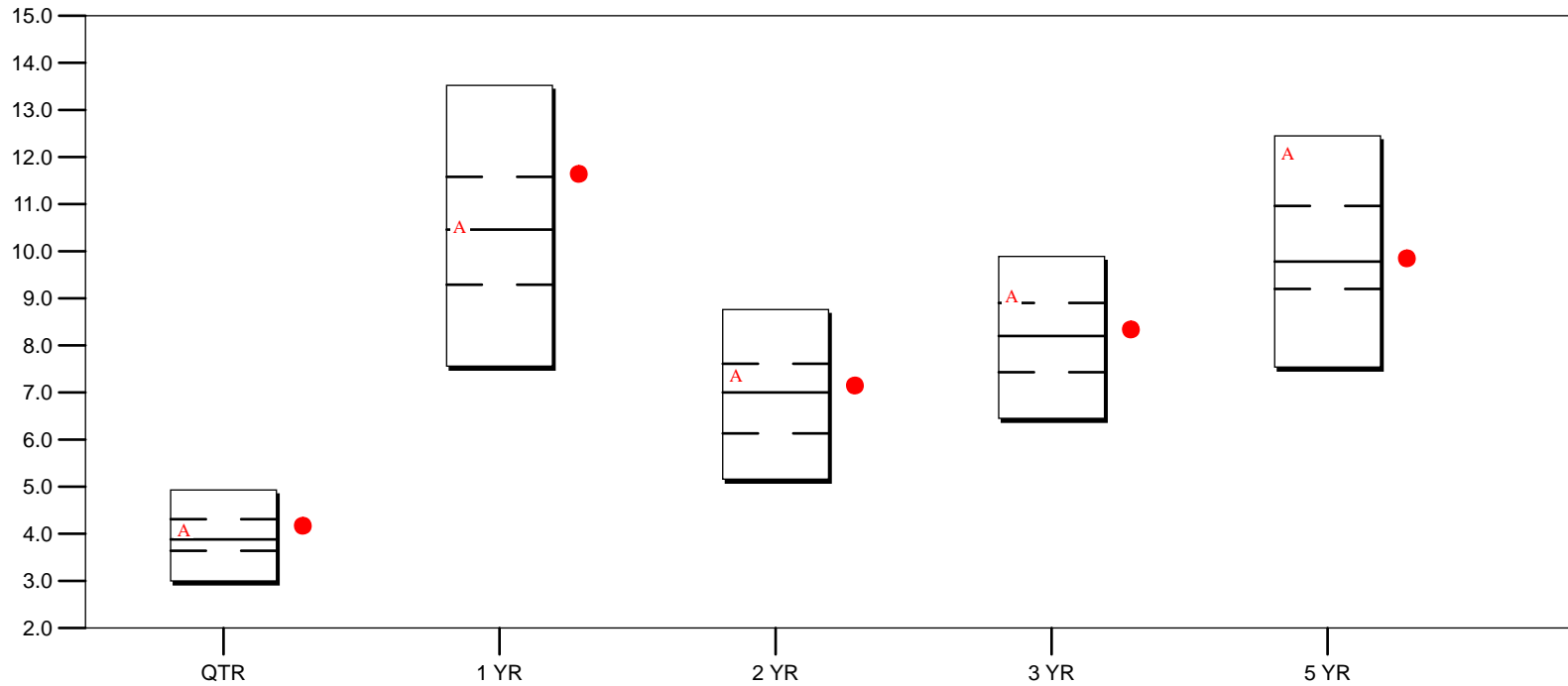
Mercer Investment Consulting

# Mercer US Fixed High Yield Universe

Return Quartiles

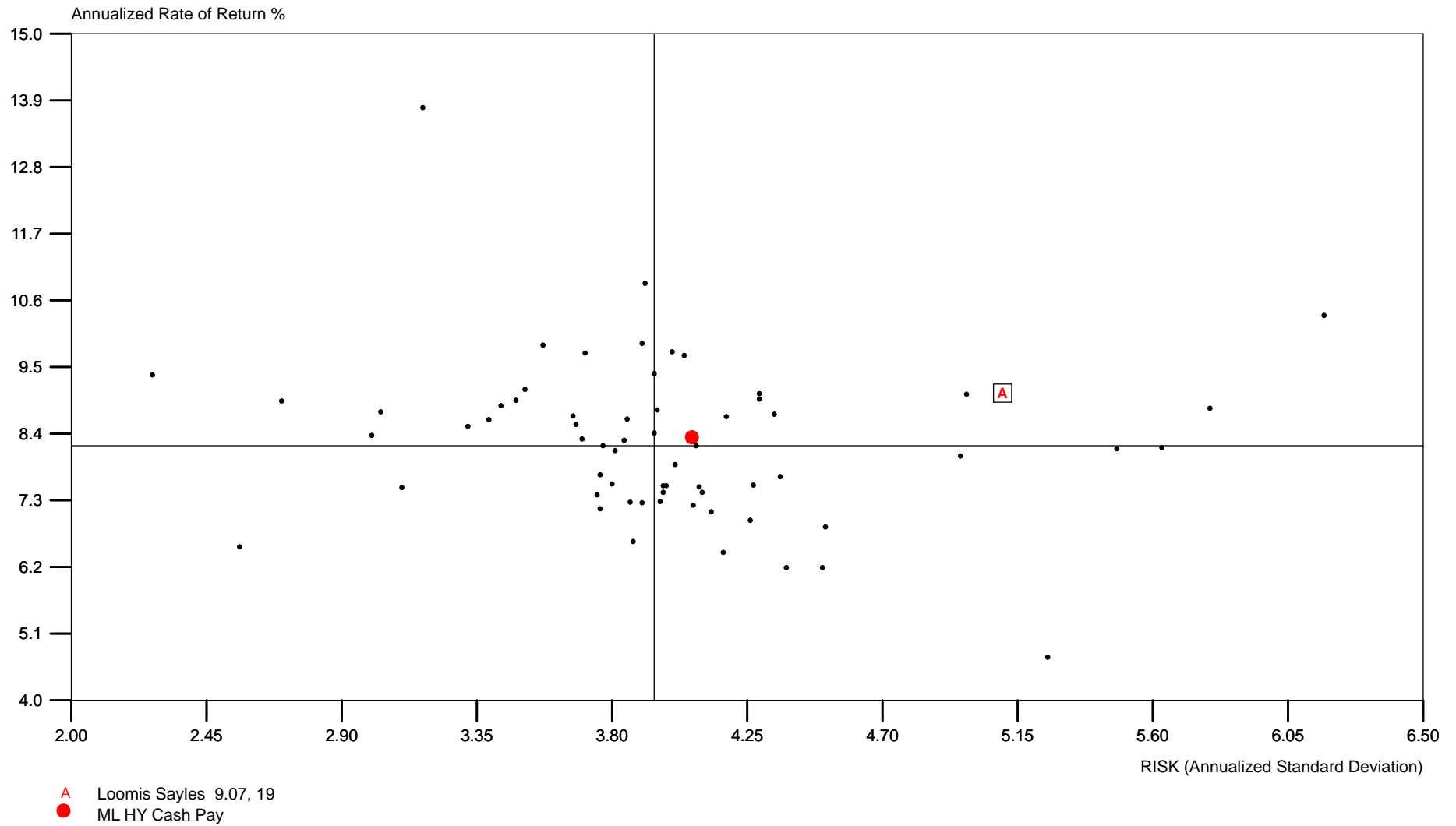
Periods Ending December 31, 2006

Annualized Rate of Return %



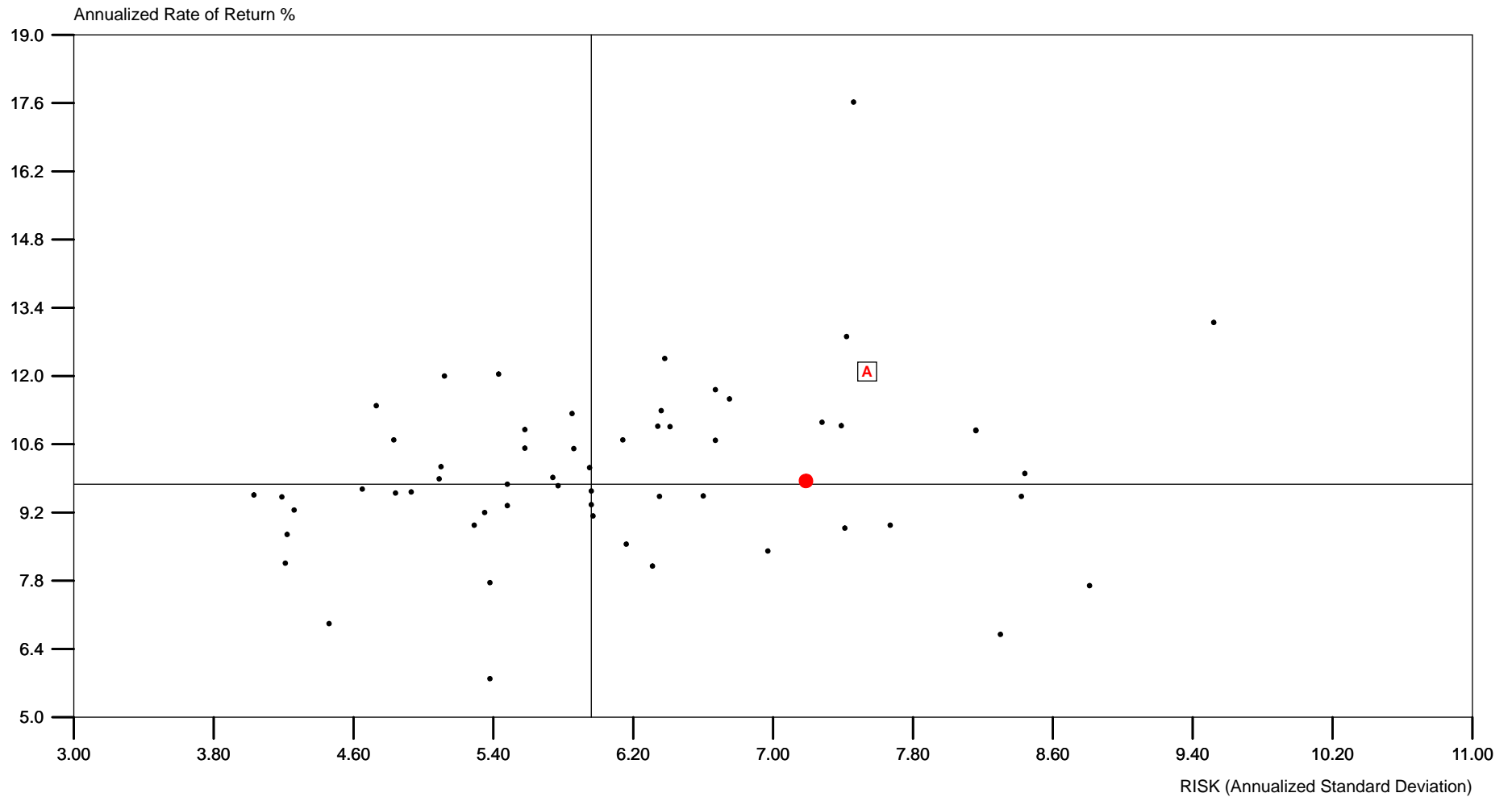
# Mercer US Fixed High Yield Universe

Risk-Return Comparisons  
3 Years Ending December 31, 2006  
63 Portfolios



# Mercer US Fixed High Yield Universe

Risk-Return Comparisons  
5 Years Ending December 31, 2006  
57 Portfolios



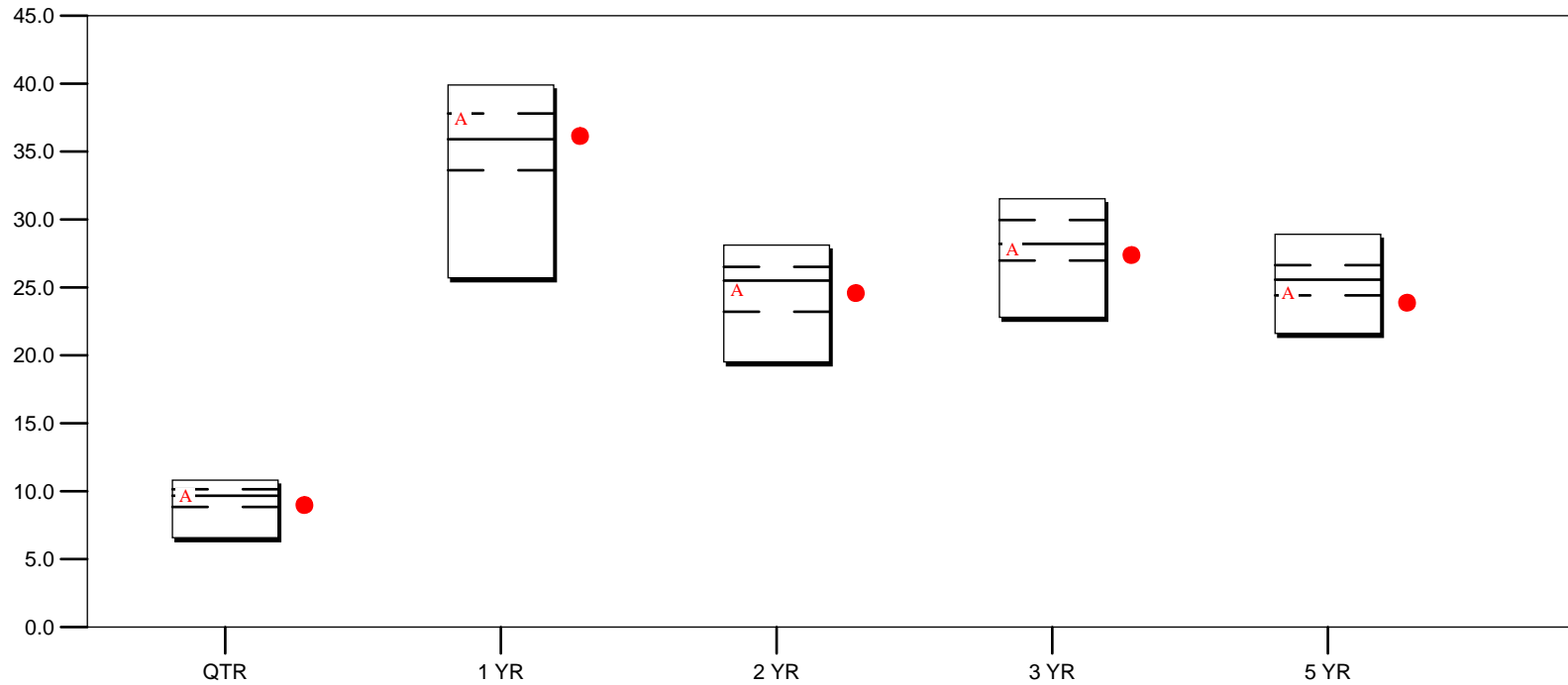
A Loomis Sayles 12.09, 8  
● ML HY Cash Pay

# Mercer US Real Estate Public REITS Universe

## Return Quartiles

Periods Ending December 31, 2006

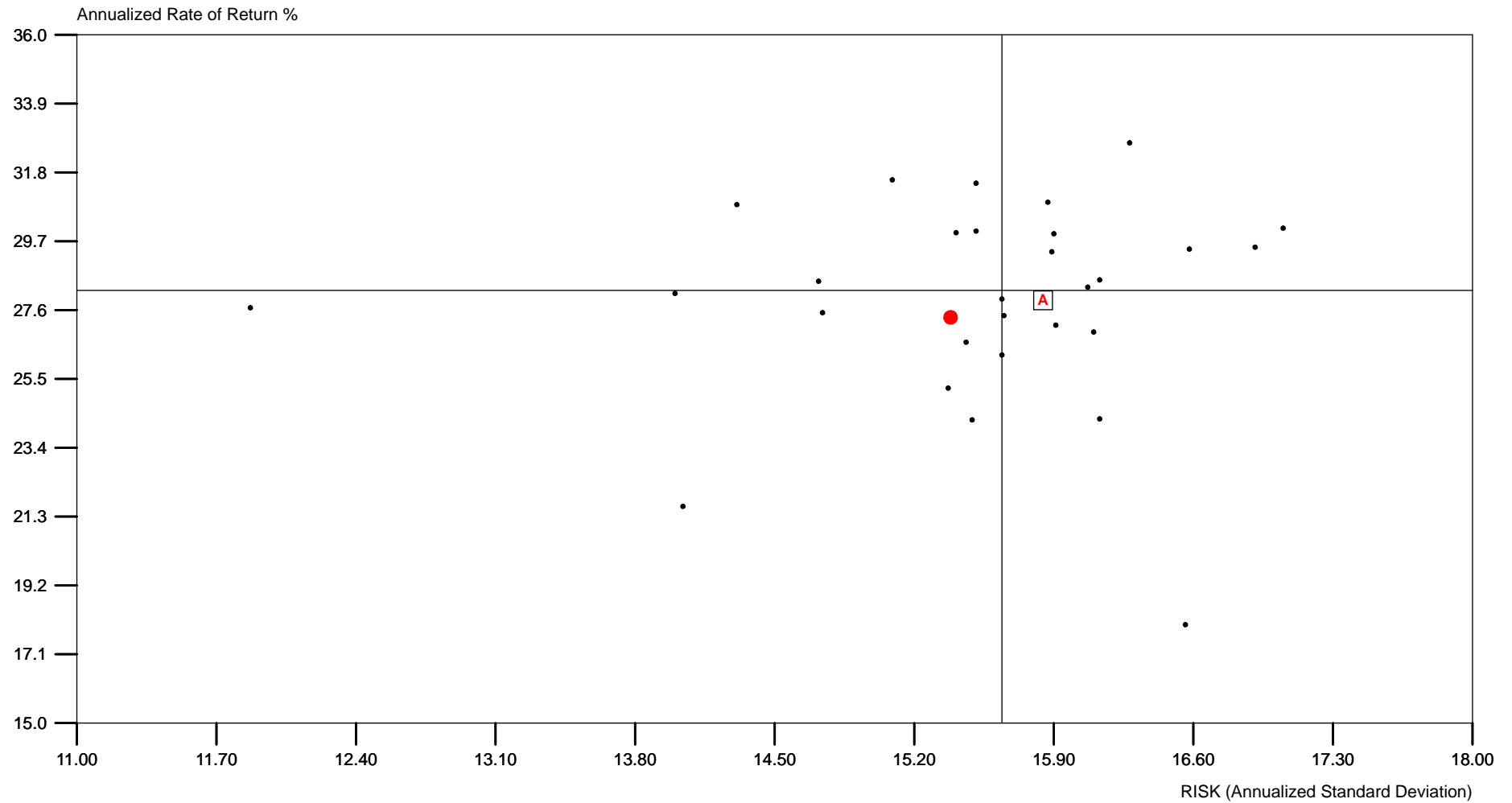
Annualized Rate of Return %



5th Percentile	10.81	39.90	28.12	31.53	28.91
25th Percentile	10.14	37.80	26.51	29.96	26.64
Median	9.67	35.91	25.50	28.20	25.57
75th Percentile	8.84	33.62	23.21	26.98	24.41
95th Percentile	6.58	25.71	19.52	22.80	21.62
# of Participants	38	34	31	30	28
● DJWIL REIT	8.97	36.14	24.58	27.38	23.87
A CRA RE Sec	9.72 , 47	37.49 , 38	24.92 , 54	27.90 , 56	24.70 , 70

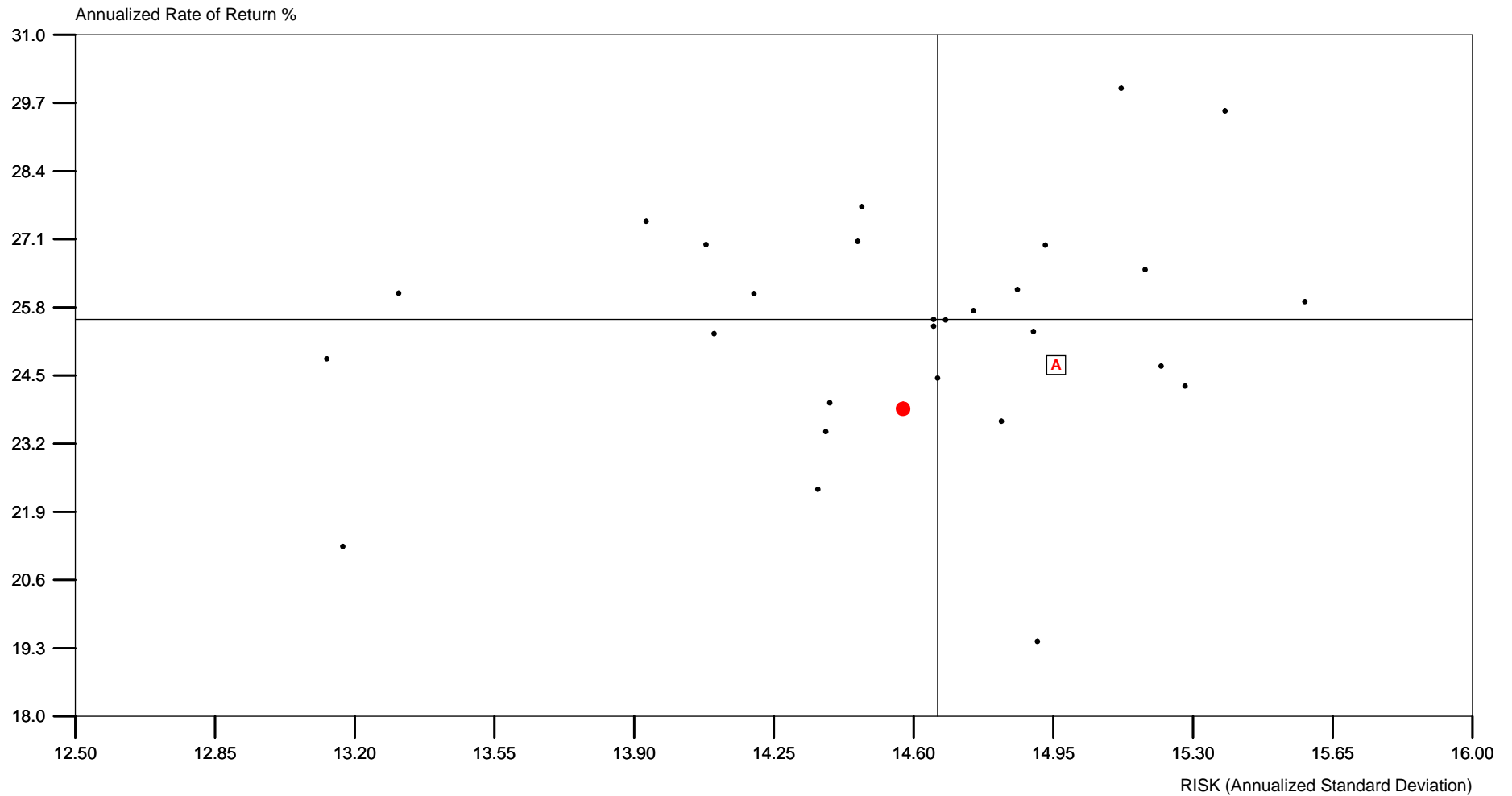
# Mercer US Real Estate Public REITS Universe

Risk-Return Comparisons  
3 Years Ending December 31, 2006  
30 Portfolios



# Mercer US Real Estate Public REITS Universe

Risk-Return Comparisons  
5 Years Ending December 31, 2006  
28 Portfolios



A CRA RE Sec 24.70, 70  
● DJWIL REIT



## ATTRIBUTION SUMMARY

County of Milwaukee

Total Fund

Period Ending December 31, 2006

		<u>Annualized</u>		
	<u>QTR</u>	<u>6 MO</u>	<u>1 YR</u>	<u>2 YR</u>
Portfolio Return	6.1	10.5	14.4	11.5
Policy Return	5.8	9.7	13.7	10.4
Net Management Effect				
Allocation	0.3	0.7	0.7	1.1
Selection	0.3	0.4	0.5	0.3
	0.0	0.4	0.2	0.8

Currency USD

Policy Benchmark is 20% S&P 500-S&P Calculated, 14% Wilshire 4500, 16% MSCI EAFE,  
4% MSCI WLD X US SCP, 35% LB Aggregate, 7% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

## ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

3 Months Ending December 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	6.1	100.0	5.8	0.3	0.0	0.3
US Equity	37.7	7.1	34.0	7.8	0.1	(0.3)	(0.2)
Non-US Equity	19.6	9.9	20.0	10.6	0.0	(0.1)	(0.2)
Fixed Income	36.5	2.1	42.0	1.7	0.2	0.1	0.3
Real Estate	4.9	9.7	3.0	9.0	0.1	0.0	0.1
Cash	1.2	20.6	1.0	1.3	0.0	0.2	0.2

Currency USD

Policy Benchmark is 20% S&P 500-S&P Calculated, 14% Wilshire 4500, 16% MSCI EAFE, 4% MSCI WLD X US SCP, 35% LB Aggregate, 7% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

## ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

6 Months Ending December 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	10.5	100.0	9.7	0.4	0.4	0.7
US Equity	38.1	11.1	34.0	11.6	0.1	(0.2)	(0.1)
Non-US Equity	19.4	13.6	20.0	14.1	0.0	(0.1)	(0.1)
Fixed Income	36.6	6.2	42.0	5.6	0.2	0.2	0.4
Real Estate	4.8	18.6	3.0	19.0	0.1	0.0	0.1
Cash	1.2	46.6	1.0	2.5	0.0	0.5	0.5

Currency USD

Policy Benchmark is 20% S&P 500-S&P Calculated, 14% Wilshire 4500, 16% MSCI EAFE, 4% MSCI WLD X US SCP, 35% LB Aggregate, 7% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

## ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

Annualized 1 Year Ending December 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	14.4	100.0	13.7	0.5	0.2	0.7
US Equity	38.8	14.5	34.0	16.0	0.1	(0.6)	(0.5)
Non-US Equity	19.0	23.8	20.0	25.0	(0.2)	(0.2)	(0.4)
Fixed Income	36.4	6.4	42.0	5.5	0.4	0.3	0.7
Real Estate	4.5	37.5	3.0	36.1	0.3	0.1	0.3
Cash	1.3	55.2	1.0	4.8	0.0	0.6	0.5

Currency USD

Policy Benchmark is 20% S&P 500-S&P Calculated, 14% Wilshire 4500, 16% MSCI EAFE, 4% MSCI WLD X US SCP, 35% LB Aggregate, 7% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

## ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

Annualized 2 Years Ending December 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	11.5	100.0	10.4	0.3	0.8	1.1
US Equity	38.9	11.4	36.1	11.5	0.0	0.0	0.0
Non-US Equity	18.3	23.0	17.9	21.4	(0.1)	0.3	0.2
Fixed Income	37.5	4.7	42.0	4.0	0.3	0.3	0.5
Real Estate	4.1	24.9	3.0	24.6	0.1	0.0	0.2
Cash	1.2	26.6	1.0	3.9	0.0	0.3	0.2

Currency USD

Policy Benchmark is 20% S&P 500-S&P Calculated, 14% Wilshire 4500, 16% MSCI EAFE, 4% MSCI WLD X US SCP, 35% LB Aggregate, 7% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

# Portfolio Characteristics

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# TOTAL EQUITY CHARACTERISTICS SUMMARY

# Employees' Retirement System of the County of Milwaukee

December 31, 2006

UNITED STATES DOLLAR		Boston Partners Asset Mgmt.		Russell 1000 Value Index				
<b>Characteristics Summary</b>								
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	96.49	100%	111.90			
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	91%	14.6	94%	14.5			
	Portfolio Price/Book	96%	2.14	100%	2.21			
	Price/Cash Flow	98%	11.1	99%	10.3			
	Return on Equity - 5 Year Average	94%	18.1	96%	17.4			
	EPS Growth - 5 Years	77%	24.4	86%	17.8			
	Dividend Yield	100%	1.81	100%	2.36			
	Debt/Equity	82%	1.28	87%	1.48			
	Beta (vs. R3000)	92%	1.0	98%	0.9			
	<b>Economic Sectors -</b>							
<b># holdings/% equity</b>	Technology	12	11.9%	50	3.5%			
Based on Russell	Health Care	6	7.6%	32	6.6%			
Sector Scheme	Consumer Discretionary and Services	13	12.8%	89	7.5%			
	Consumer Staples	4	5.0%	34	6.9%			
	Integrated Oils	3	9.1%	7	11.5%			
	Other Energy	3	1.5%	26	2.6%			
	Materials and Processing	2	1.7%	56	4.4%			
	Producer Durables	6	6.2%	40	2.0%			
	Autos and Transportation	0	0.0%	21	1.5%			
	Financial Services	27	34.4%	176	36.7%			
	Utilities	6	4.1%	66	13.1%			
	Other	5	5.7%	14	3.7%			
	Account Number	1MIFLBOSEQU2		IX1F00004108				

# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

# Employees' Retirement System of the County of Milwaukee Boston Partners Asset Mgmt.

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	96.49	100%	85.08	100%	76.42	100%	75.86	100%	69.64
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	91%	14.6	88%	14.0	94%	13.6	91%	14.6	91%	14.5
	Portfolio Price/Book	96%	2.14	95%	2.00	97%	1.98	97%	2.12	97%	2.10
	Price/Cash Flow	98%	11.1	97%	11.0	98%	10.3	98%	11.2	98%	10.8
	Return on Equity - 5 Year Average	94%	18.1	92%	16.2	94%	17.5	94%	17.2	91%	14.7
	EPS Growth - 5 Years	77%	24.4	77%	22.3	77%	19.3	80%	19.0	74%	15.2
	Dividend Yield	100%	1.81	100%	1.90	100%	1.80	100%	1.73	100%	1.65
	Debt/Equity	82%	1.28	85%	1.23	84%	1.15	87%	1.21	81%	1.05
	Beta (vs. R3000)	92%	1.0	90%	1.0	92%	1.0	91%	1.0	91%	1.0
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	12	11.9%	11	11.2%	9	9.6%	8	9.1%	9	9.0%
Based on Russell	Health Care	6	7.6%	3	6.4%	5	7.9%	5	7.3%	4	6.6%
Sector Scheme	Consumer Discretionary and Services	13	12.8%	12	13.6%	16	15.7%	17	16.7%	16	16.4%
	Consumer Staples	4	5.0%	4	3.3%	2	2.3%	3	2.7%	3	2.9%
	Integrated Oils	3	9.1%	3	9.2%	4	11.1%	4	9.5%	4	9.1%
	Other Energy	3	1.5%	3	2.7%	5	4.7%	5	5.0%	4	4.3%
	Materials and Processing	2	1.7%	2	1.9%	3	2.7%	6	5.2%	5	4.9%
	Producer Durables	6	6.2%	7	7.8%	6	7.1%	5	6.7%	6	9.3%
	Autos and Transportation	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Financial Services	27	34.4%	25	33.2%	21	29.8%	22	30.2%	22	30.3%
	Utilities	6	4.1%	7	5.3%	6	4.4%	5	3.8%	4	3.2%
	Other	5	5.7%	5	5.4%	4	4.7%	2	3.9%	2	4.1%
Account Number	1MIFLBOSEQU2										



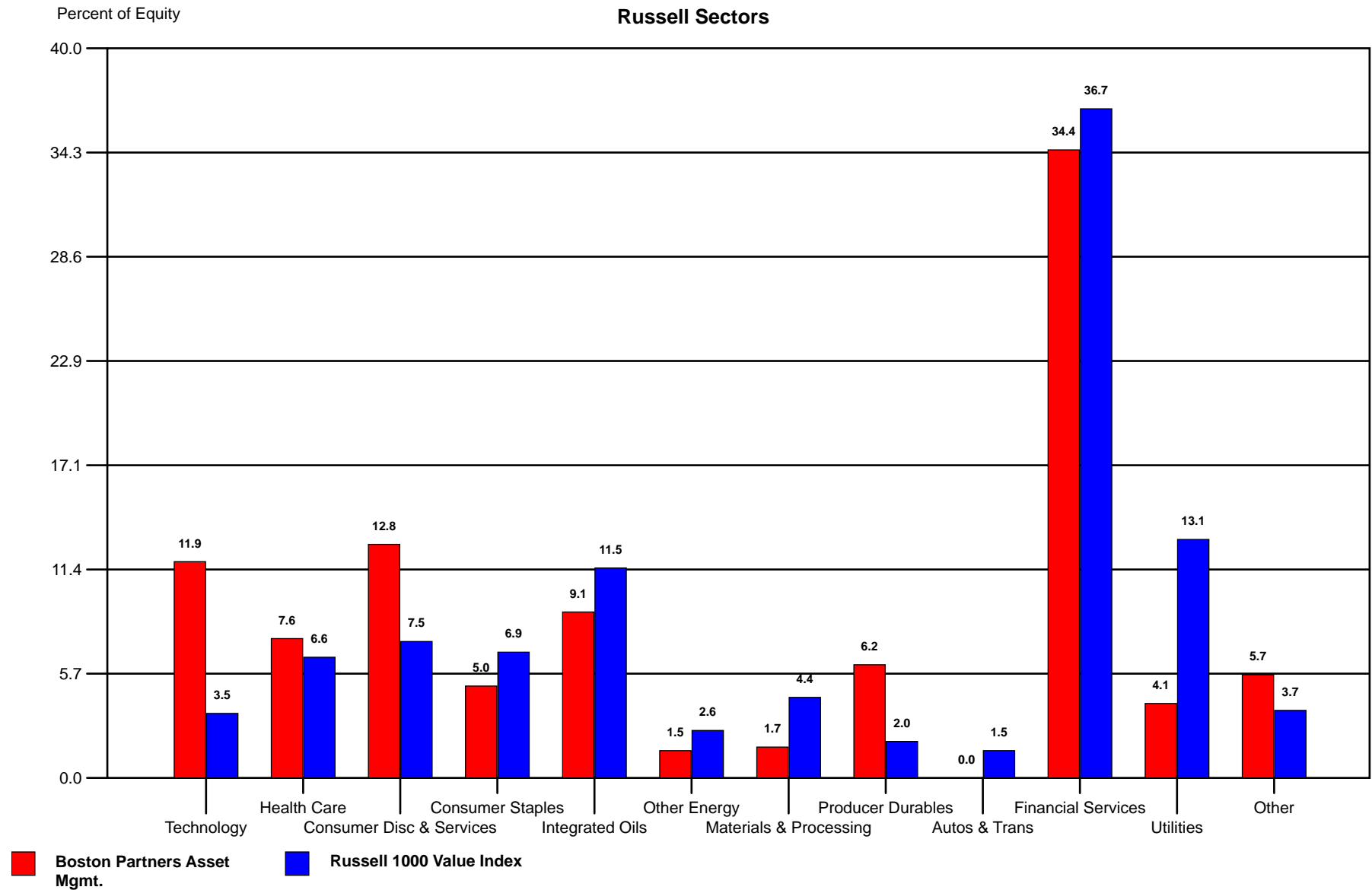
# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

# Employees' Retirement System of the County of Milwaukee Russell 1000 Value Index

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005		
Characteristics Summary												
Portfolio	Market Cap.- \$-Wtd Avg - \$ billion	100%	111.90	100%	102.69	100%	92.04	100%	86.36	100%	81.92	
Characteristics	Portfolio P/E Excluding Neg. Earnings	94%	14.5	92%	14.7	95%	14.1	96%	14.9	95%	14.5	
	Portfolio Price/Book	100%	2.21	100%	2.15	100%	2.08	100%	2.18	100%	2.11	
	Price/Cash Flow	99%	10.3	98%	10.2	99%	9.9	99%	10.6	99%	9.8	
	Return on Equity - 5 Year Average	96%	17.4	96%	17.3	96%	17.2	97%	16.1	97%	16.2	
	EPS Growth - 5 Years	86%	17.8	87%	15.6	87%	14.2	87%	13.4	86%	11.2	
	Dividend Yield	100%	2.36	100%	2.46	100%	2.54	100%	2.44	100%	2.50	
	Debt/Equity	87%	1.48	86%	1.48	88%	1.53	92%	1.60	87%	1.53	
	Beta (vs. R3000)	98%	0.9	98%	0.8	98%	0.9	99%	0.9	99%	0.8	
	Economic Sectors -											
# holdings/% equity	Technology	50	3.5%	52	3.8%	52	3.7%	49	5.0%	51	4.8%	
Based on Russell	Health Care	32	6.6%	33	7.2%	33	6.7%	35	6.7%	35	6.6%	
Sector Scheme	Consumer Discretionary and Services	89	7.5%	85	7.3%	82	7.4%	91	8.5%	91	8.6%	
	Consumer Staples	34	6.9%	34	6.9%	34	6.8%	36	4.6%	36	4.8%	
	Integrated Oils	7	11.5%	7	10.7%	7	11.0%	6	10.5%	6	10.1%	
	Other Energy	26	2.6%	26	2.6%	27	3.3%	30	3.5%	31	3.5%	
	Materials and Processing	56	4.4%	55	4.4%	54	4.6%	57	4.9%	57	4.7%	
	Producer Durables	40	2.0%	40	2.0%	40	2.1%	40	2.2%	40	2.1%	
	Autos and Transportation	21	1.5%	21	1.5%	21	1.6%	20	2.3%	21	2.2%	
	Financial Services	176	36.7%	181	37.0%	182	36.5%	191	37.0%	195	37.5%	
	Utilities	66	13.1%	66	12.8%	66	12.5%	68	12.4%	70	12.5%	
	Other	14	3.7%	14	3.7%	14	3.7%	12	2.5%	12	2.5%	
	Account Number	IX1F00004108										

**TOTAL SUMMARY OF SECTOR DISTRIBUTION**  
**As of December 31, 2006**

**Employees' Retirement System of the County of Milwaukee**

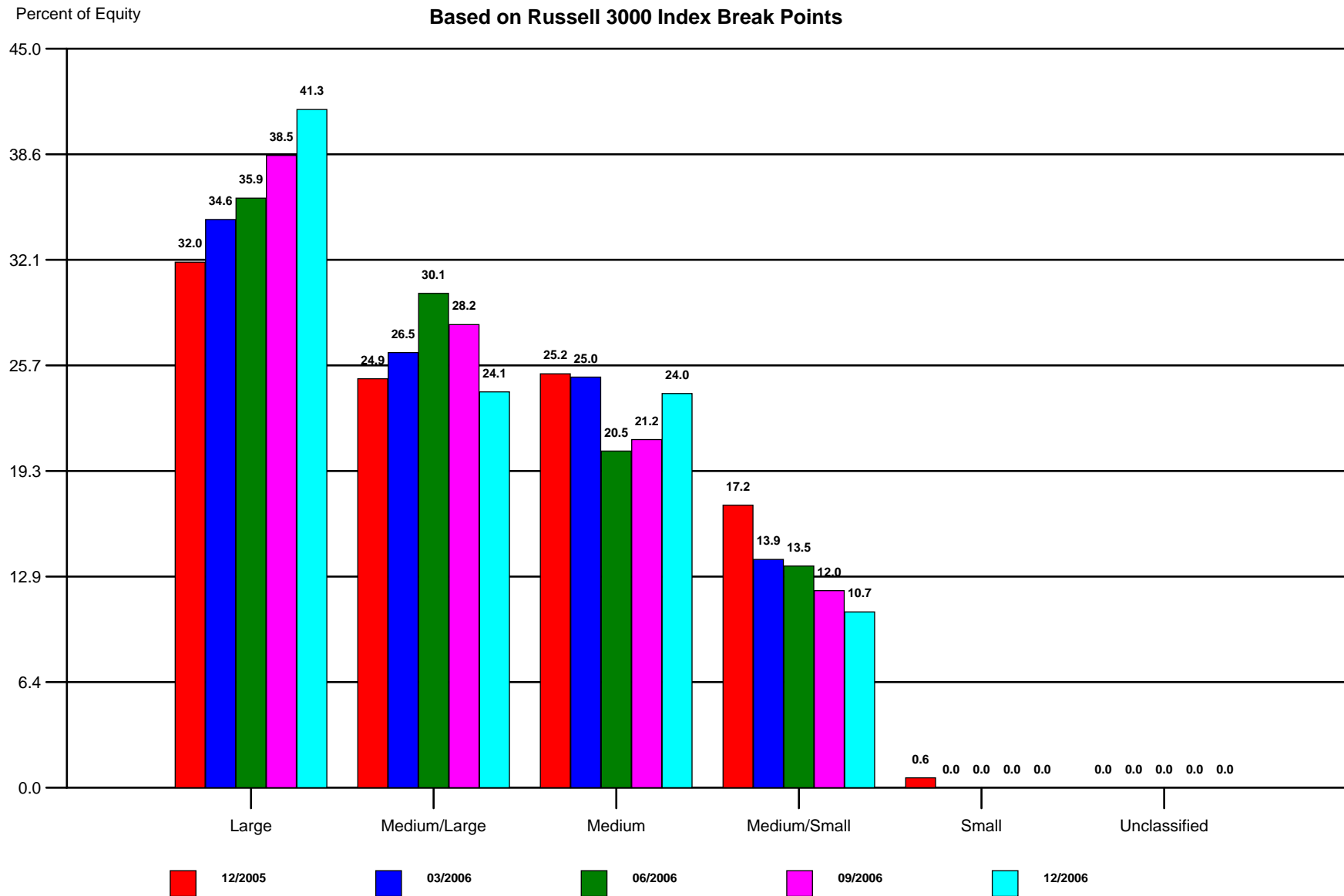


Mercer Investment Consulting

## TOTAL HISTORICAL SIZE OF COMPANIES

Employees' Retirement System of the County of Milwaukee

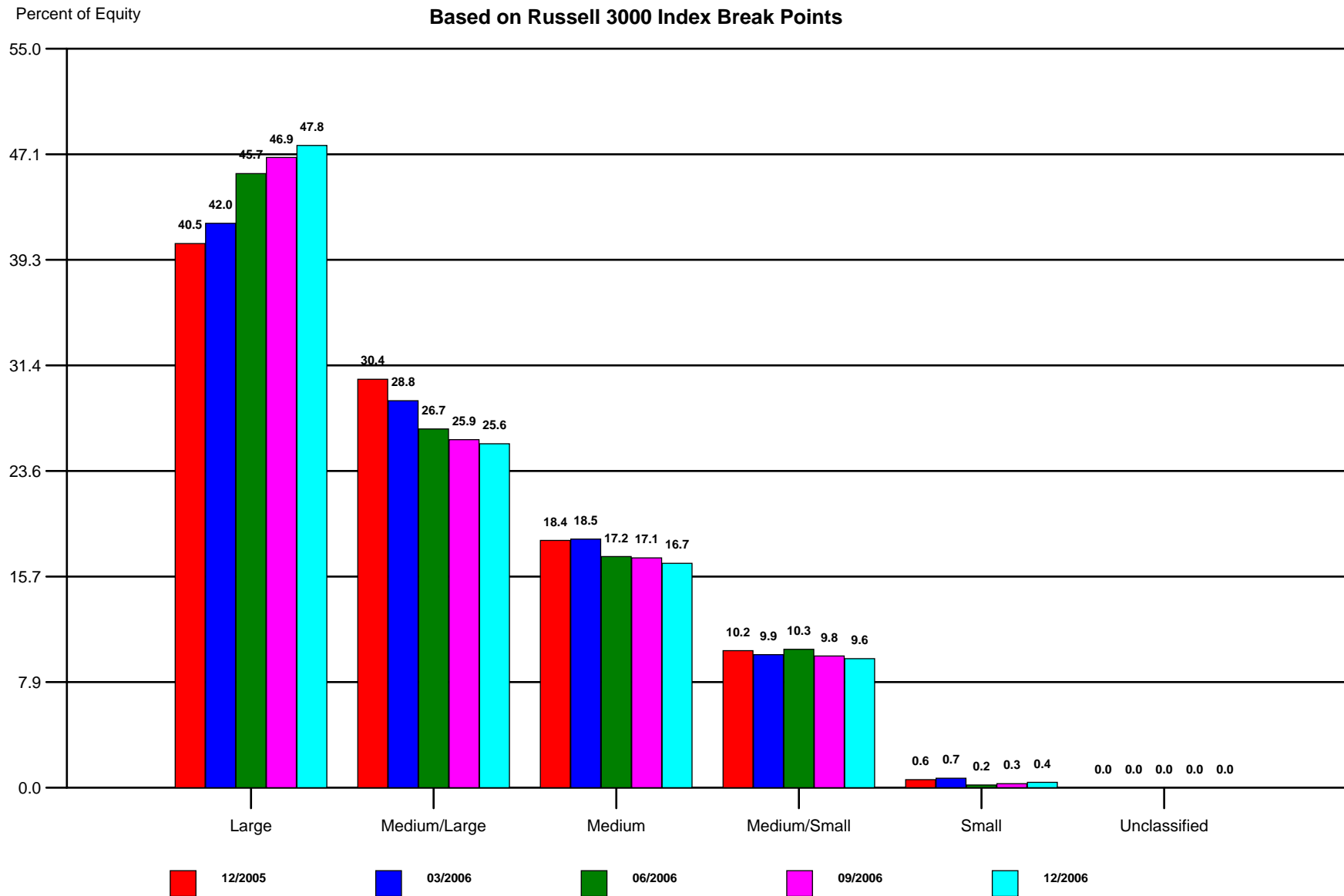
Boston Partners Asset Mgmt.



## TOTAL HISTORICAL SIZE OF COMPANIES

## Employees' Retirement System of the County of Milwaukee

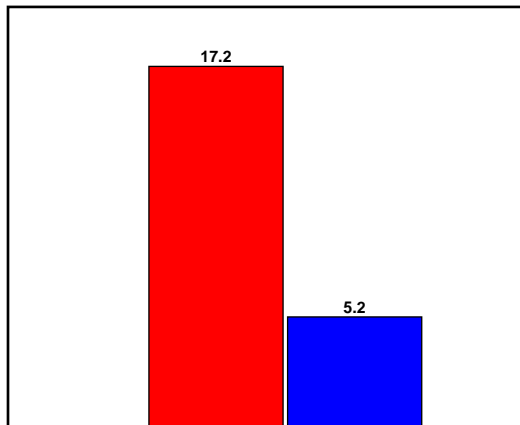
### Russell 1000 Value Index



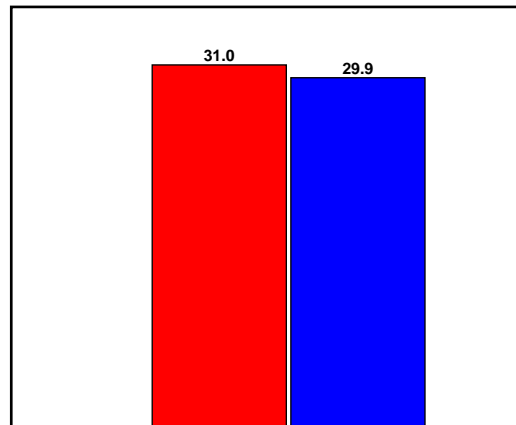
**TOTAL SUMMARY PORTFOLIO CHARACTERISTICS**  
**As of December 31, 2006**

**Employees' Retirement System of the County of Milwaukee**

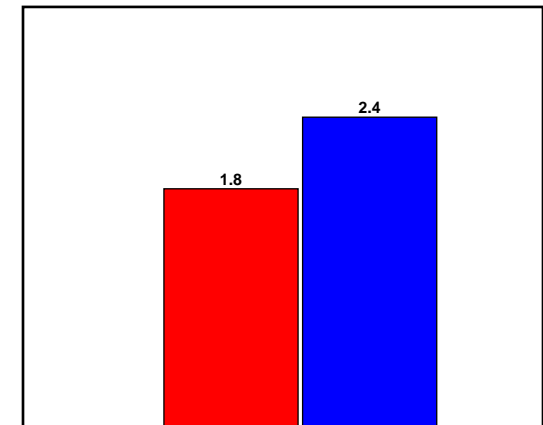
**Market Cap - Mdn (USD)**



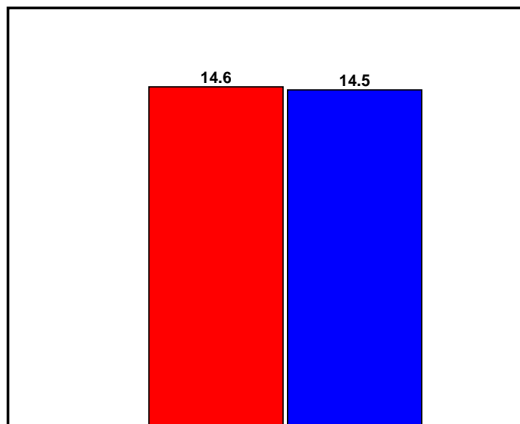
**% Ten Largest Holdings**



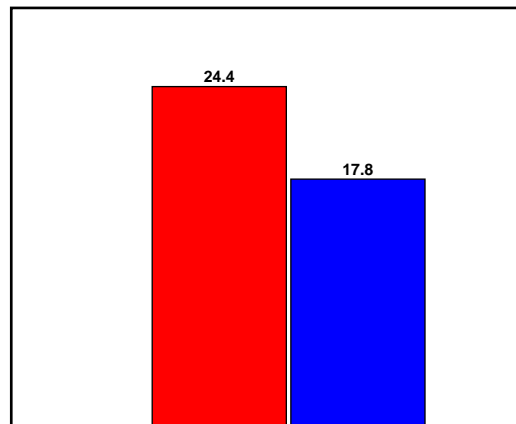
**Dividend Yield**



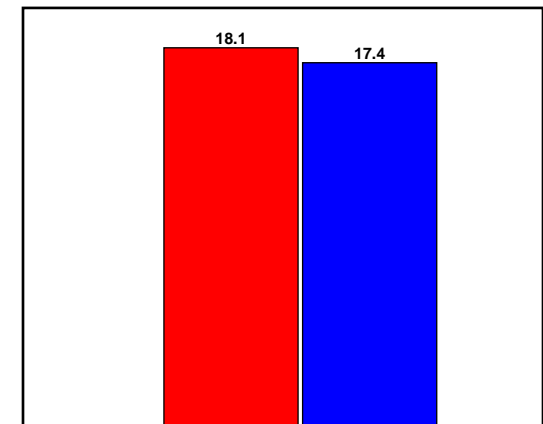
**PE (excl. Neg. Earnings)**



**EPS Growth - 5 Yrs**



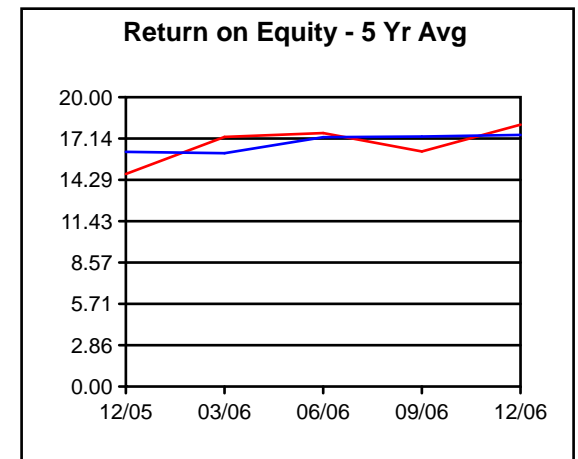
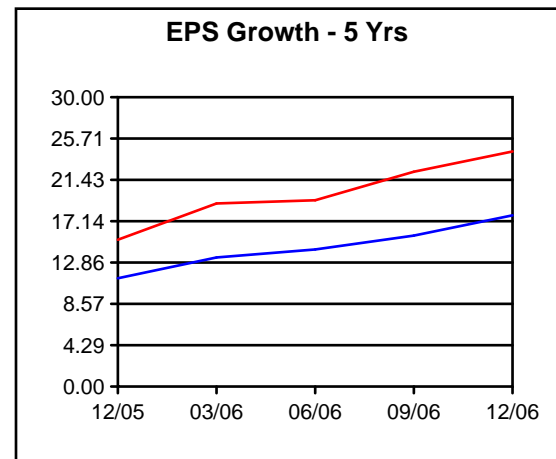
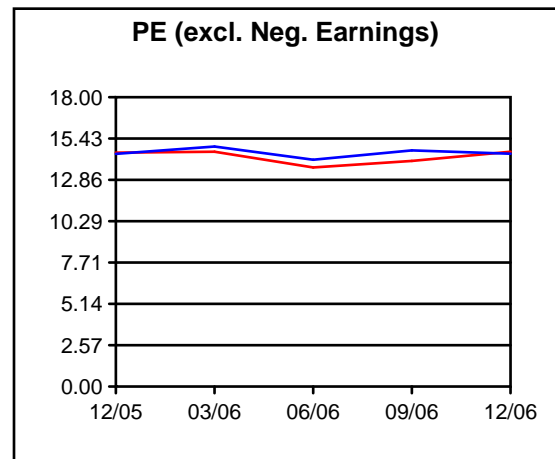
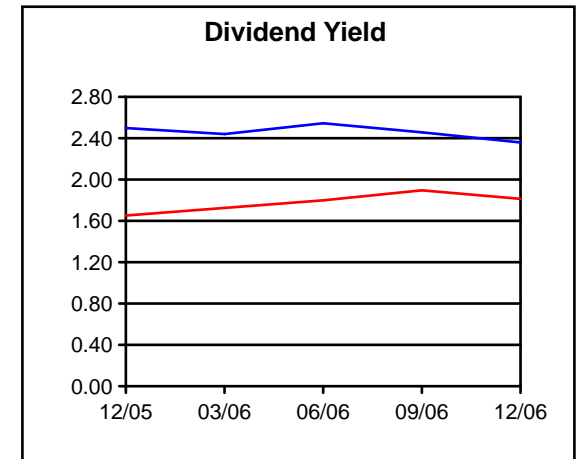
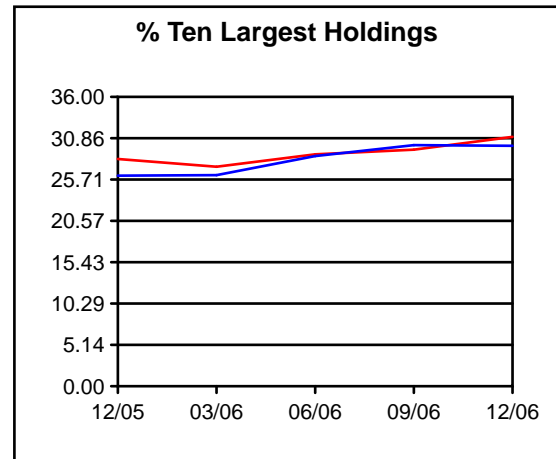
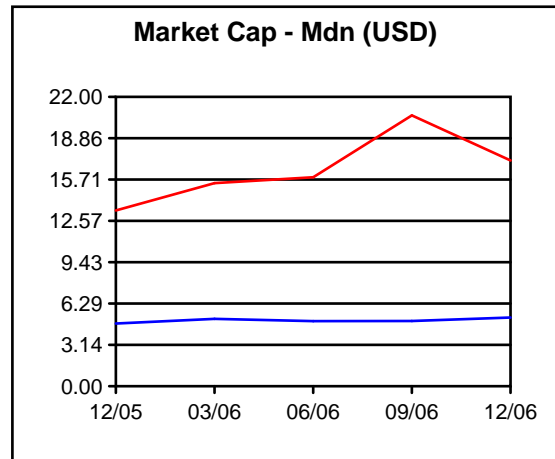
**Return on Equity - 5 Yr Avg**



 **Boston Partners Asset Mgmt.**  **Russell 1000 Value Index**

## HISTORICAL PORTFOLIO CHARACTERISTICS

## Employees' Retirement System of the County of Milwaukee



— Boston Partners Asset Mgmt. — Russell 1000 Value Index

## ATTRIBUTION SUMMARY

County of Milwaukee

Boston Partners Asset Mgmt.

Period Ending December 31, 2006

### QTR

Portfolio Return	8.7
Policy Return	8.0
Net Management Effect	0.7
Currency	0.0
Allocation	(0.3)
Selection	1.0

Currency USD

Policy Benchmark is Russell 1000 Value

Mercer Investment Consulting

## ATTRIBUTION DETAIL

County of Milwaukee

Boston Partners Asset Mgmt.

3 Months Ending December 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Currency</u>	<u>Net Management Effect</u>			
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Return</u>	<u>Ccy</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	8.7	100.0	8.0	0.0	0.0	(0.3)	1.0	0.7
EQUITY	97.0	8.9	100.0	8.0	0.0	0.0	(0.1)	1.0	0.9
Technology	11.9	7.6	3.7	5.9	0.0	0.0	(0.2)	0.2	0.0
Health Care	6.9	(1.9)	7.0	(2.2)	0.0	0.0	0.0	0.0	0.0
Consumer Discretionary	12.3	12.2	7.4	11.3	0.0	0.0	0.2	0.1	0.3
Consumer Staples	4.5	11.6	6.9	6.7	0.0	0.0	0.0	0.2	0.2
Integrated Oils	8.9	16.2	11.1	15.0	0.0	0.0	(0.1)	0.1	0.0
Other Energy	2.1	(3.4)	2.7	5.3	0.0	0.0	0.1	(0.2)	(0.1)
Materials and Processing	1.8	0.8	4.4	9.8	0.0	0.0	0.0	(0.2)	(0.2)
Producer Durables	6.3	8.8	2.1	8.8	0.0	0.0	0.0	0.0	0.0
Autos and Transportation	---	---	1.5	4.7	0.0	0.0	0.1	0.0	0.1
Financial Services	32.4	8.4	36.5	7.1	0.0	0.0	0.0	0.4	0.4
Utilities	4.4	10.6	12.9	10.3	0.0	0.0	(0.2)	0.0	(0.2)
Other	5.4	13.2	3.6	7.5	0.0	0.0	0.0	0.3	0.3
CASH	3.0	1.5	---	---	0.0	0.0	(0.2)	0.0	(0.2)

Currency USD

Policy Benchmark is Russell 1000 Value

Mercer Investment Consulting



# TOTAL EQUITY CHARACTERISTICS SUMMARY

# Employees' Retirement System of the County of Milwaukee

December 31, 2006

UNITED STATES DOLLAR		Hotchkis and Wiley Cap		Russell Midcap Value Index					
<b>Characteristics Summary</b>									
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	6.49	100%	8.51				
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	88%	17.3	88%	16.7				
	Portfolio Price/Book	100%	1.85	100%	2.04				
	Price/Cash Flow	96%	12.1	97%	11.1				
	Return on Equity - 5 Year Average	77%	9.8	90%	12.9				
	EPS Growth - 5 Years	50%	8.4	74%	12.3				
	Dividend Yield	100%	1.20	100%	1.99				
	Debt/Equity	81%	1.25	92%	1.42				
	Beta (vs. R3000)	89%	1.2	96%	1.0				
	<b>Economic Sectors -</b>								
<b># holdings/% equity</b>	Technology	6	15.6%	42	5.6%				
Based on Russell	Health Care	1	1.4%	19	2.6%				
Sector Scheme	Consumer Discretionary and Services	11	17.4%	73	11.4%				
	Consumer Staples	1	1.2%	24	6.9%				
	Integrated Oils	0	0.0%	2	1.1%				
	Other Energy	2	1.5%	21	3.9%				
	Materials and Processing	8	19.2%	46	7.8%				
	Producer Durables	5	9.6%	36	4.8%				
	Autos and Transportation	3	4.4%	18	3.6%				
	Financial Services	11	24.2%	137	33.4%				
	Utilities	2	3.7%	52	16.9%				
	Other	1	1.7%	11	1.9%				
	Account Number		1MIFLHOTCH02		IX1F00056638				

# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

## Employees' Retirement System of the County of Milwaukee Hotchkis and Wiley Cap

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	6.49	100%	6.62	100%	6.33	100%	6.49	100%	6.51
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	88%	17.3	78%	20.3	89%	19.1	87%	18.9	82%	15.7
	Portfolio Price/Book	100%	1.85	99%	1.87	100%	1.82	100%	1.93	100%	1.74
	Price/Cash Flow	96%	12.1	96%	11.7	97%	11.0	99%	11.4	97%	10.2
	Return on Equity - 5 Year Average	77%	9.8	78%	9.7	79%	10.1	80%	10.7	80%	11.1
	EPS Growth - 5 Years	50%	8.4	46%	7.5	52%	8.0	57%	10.8	59%	6.7
	Dividend Yield	100%	1.20	100%	1.30	100%	1.46	100%	1.42	100%	1.47
	Debt/Equity	81%	1.25	83%	1.38	87%	1.38	88%	1.58	83%	1.52
	Beta (vs. R3000)	89%	1.2	89%	1.3	90%	1.3	90%	1.2	85%	1.2
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	6	15.6%	5	15.0%	6	15.9%	5	12.6%	6	14.5%
Based on Russell	Health Care	1	1.4%	1	1.5%	1	1.1%	1	1.0%	1	1.1%
Sector Scheme	Consumer Discretionary and Services	11	17.4%	12	19.2%	10	16.4%	11	17.5%	11	13.6%
	Consumer Staples	1	1.2%	1	1.0%	1	2.1%	3	4.6%	3	4.3%
	Integrated Oils	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Other Energy	2	1.5%	1	1.4%	1	1.5%	1	1.6%	1	2.3%
	Materials and Processing	8	19.2%	7	18.3%	7	17.2%	9	17.0%	9	15.8%
	Producer Durables	5	9.6%	4	11.0%	4	11.4%	4	10.1%	4	9.1%
	Autos and Transportation	3	4.4%	2	1.9%	2	2.0%	4	4.7%	4	5.6%
	Financial Services	11	24.2%	15	25.2%	15	25.7%	14	24.4%	16	26.3%
	Utilities	2	3.7%	2	3.7%	3	5.0%	3	4.6%	4	5.7%
	Other	1	1.7%	1	1.7%	1	1.7%	1	1.8%	1	1.7%
Account Number	1MIFLHOTCH02										

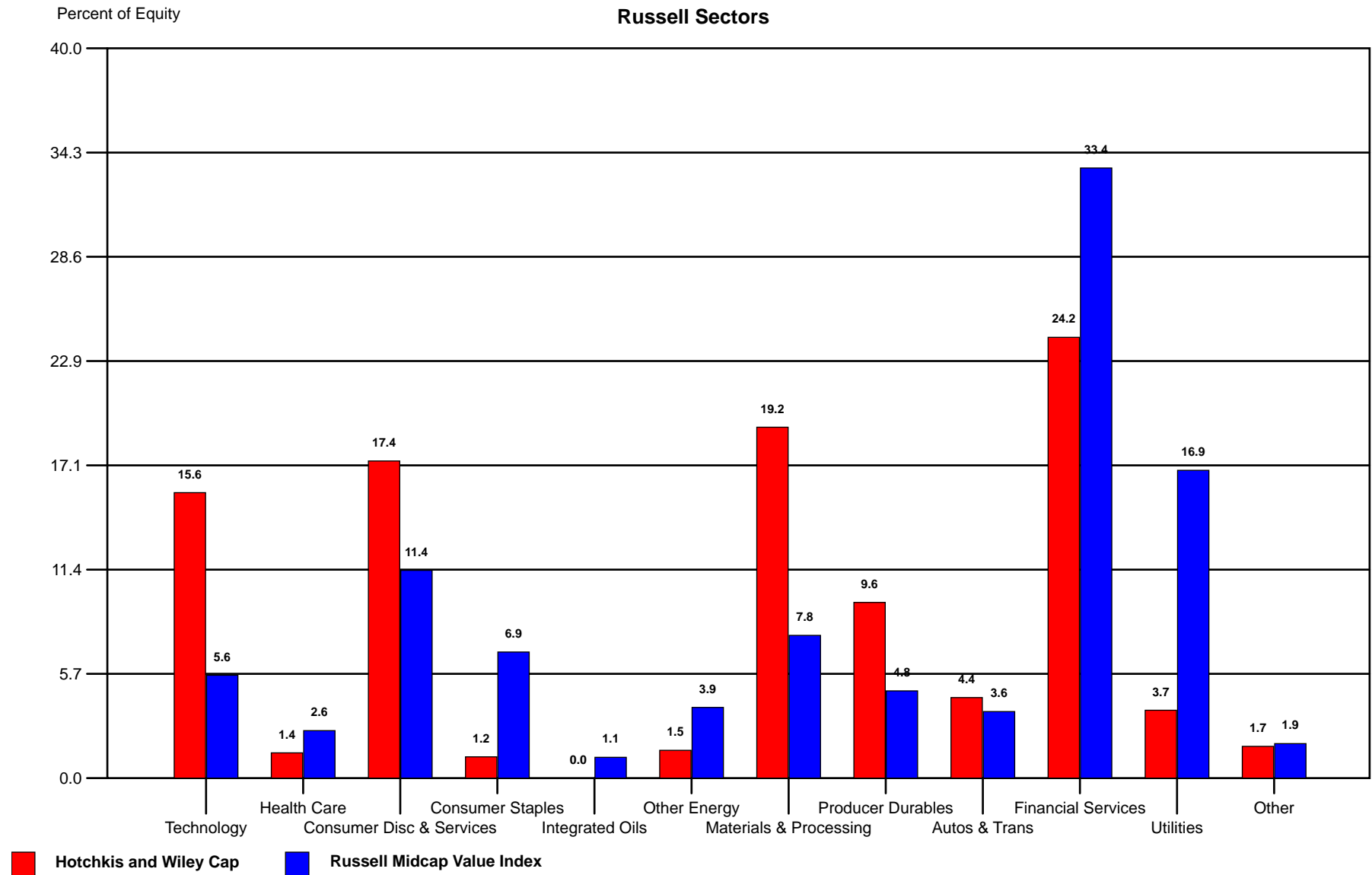
# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

# Employees' Retirement System of the County of Milwaukee Russell Midcap Value Index

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	8.51	100%	7.91	100%	7.58	100%	8.44	100%	7.68
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	88%	16.7	88%	16.7	89%	16.6	92%	17.2	91%	16.3
	Portfolio Price/Book	100%	2.04	99%	1.97	99%	1.96	100%	2.16	100%	2.04
	Price/Cash Flow	97%	11.1	96%	10.9	97%	10.6	99%	11.3	98%	10.5
	Return on Equity - 5 Year Average	90%	12.9	90%	13.1	90%	13.2	94%	12.1	93%	12.5
	EPS Growth - 5 Years	74%	12.3	76%	11.9	78%	11.9	77%	11.4	77%	9.9
	Dividend Yield	100%	1.99	100%	2.10	100%	2.16	100%	2.00	100%	2.09
	Debt/Equity	92%	1.42	91%	1.42	92%	1.42	92%	1.48	90%	1.44
	Beta (vs. R3000)	96%	1.0	96%	0.9	95%	0.9	98%	0.9	97%	0.9
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	42	5.6%	44	6.5%	44	6.5%	41	7.3%	43	7.1%
Based on Russell	Health Care	19	2.6%	20	2.5%	20	2.4%	24	3.5%	24	3.6%
Sector Scheme	Consumer Discretionary and Services	73	11.4%	70	11.1%	68	10.9%	72	11.0%	73	11.1%
	Consumer Staples	24	6.9%	24	6.9%	24	6.6%	27	6.3%	27	6.3%
	Integrated Oils	2	1.1%	2	1.1%	2	1.3%	1	0.6%	1	0.5%
	Other Energy	21	3.9%	21	3.7%	22	4.9%	25	4.2%	26	4.4%
	Materials and Processing	46	7.8%	45	7.5%	45	7.7%	47	9.0%	47	8.3%
	Producer Durables	36	4.8%	36	4.8%	36	4.7%	36	4.7%	36	4.7%
	Autos and Transportation	18	3.6%	18	3.6%	18	3.7%	16	3.4%	17	3.4%
	Financial Services	137	33.4%	141	34.4%	142	33.7%	155	34.1%	158	33.4%
	Utilities	52	16.9%	52	16.2%	53	15.7%	55	14.0%	57	15.2%
	Other	11	1.9%	11	1.8%	11	1.9%	10	2.0%	10	1.9%
Account Number	IX1F00056638										

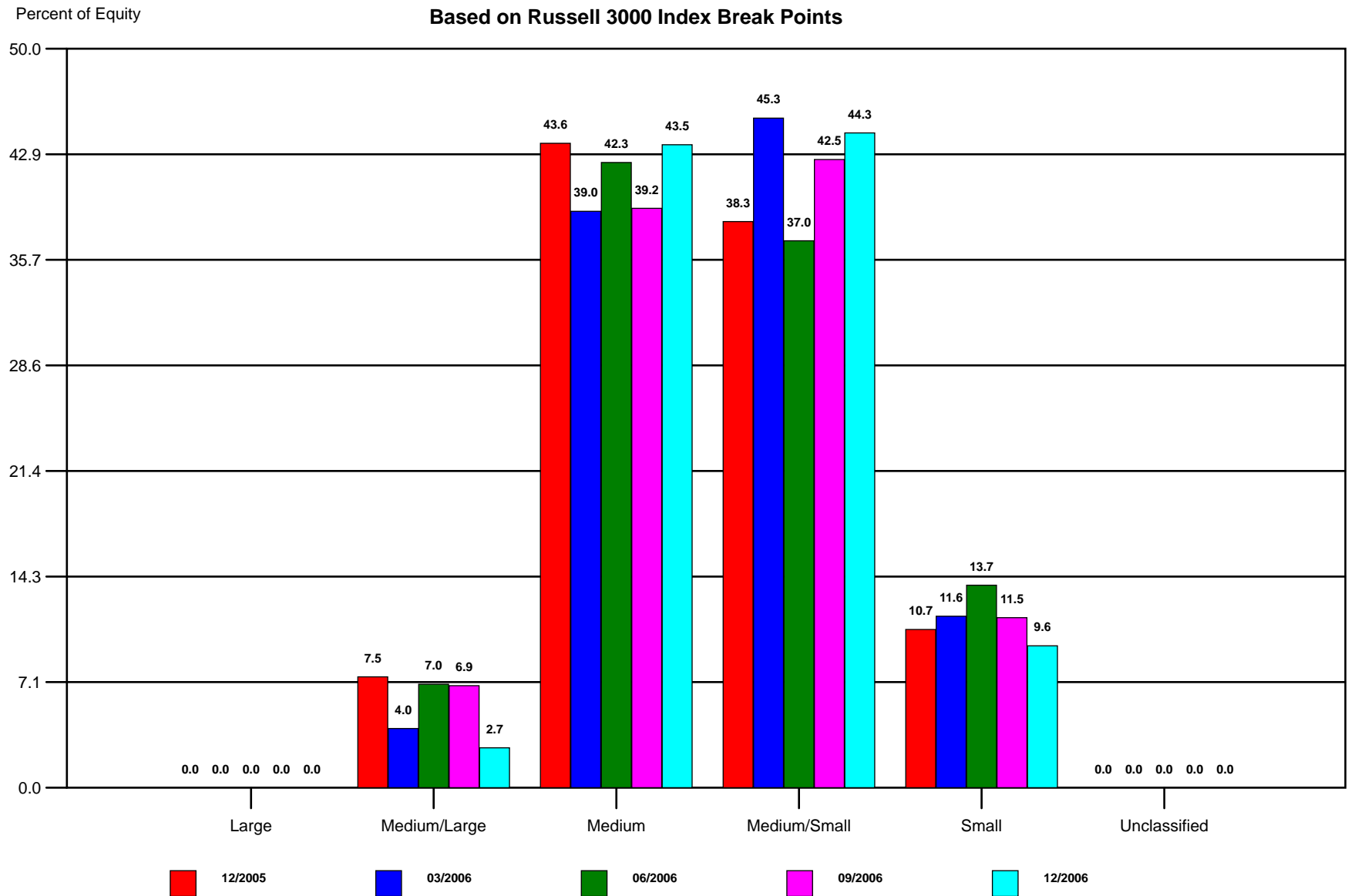
**TOTAL SUMMARY OF SECTOR DISTRIBUTION**  
**As of December 31, 2006**

**Employees' Retirement System of the County of Milwaukee**



## TOTAL HISTORICAL SIZE OF COMPANIES

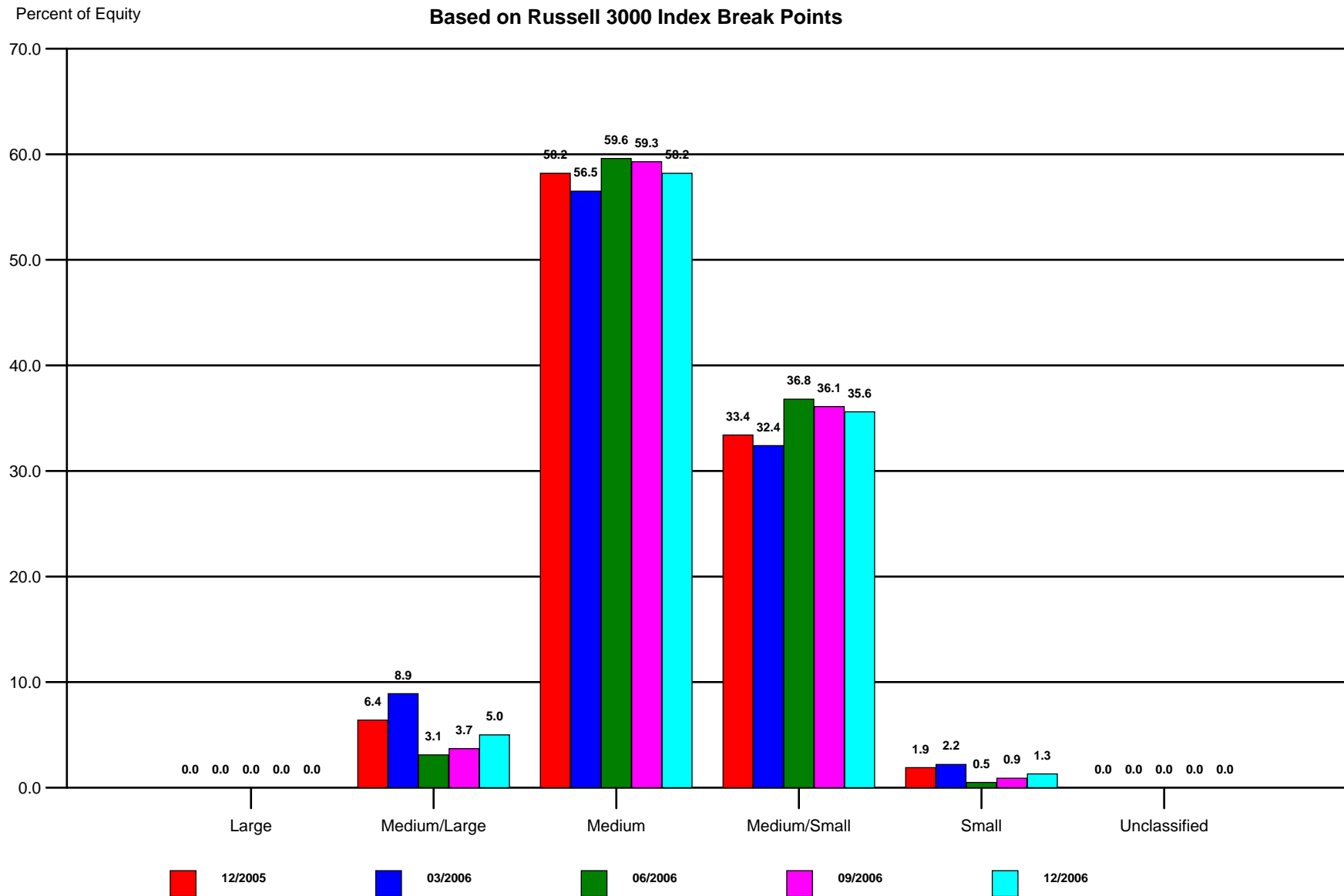
## Employees' Retirement System of the County of Milwaukee Hotchkis and Wiley Cap



## TOTAL HISTORICAL SIZE OF COMPANIES

## Employees' Retirement System of the County of Milwaukee

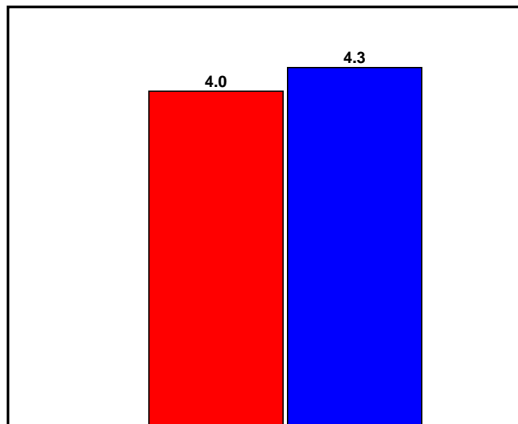
### Russell Midcap Value Index



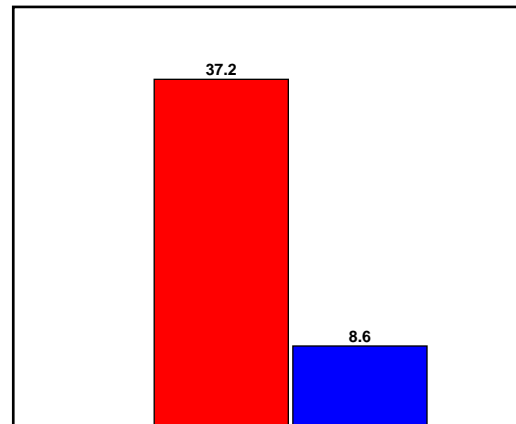
**TOTAL SUMMARY PORTFOLIO CHARACTERISTICS**  
As of December 31, 2006

**Employees' Retirement System of the County of Milwaukee**

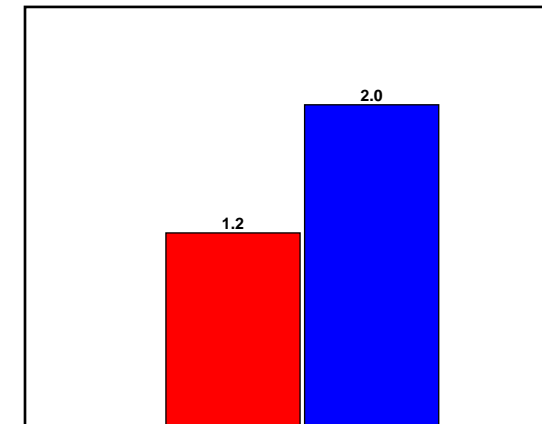
**Market Cap - Mdn (USD)**



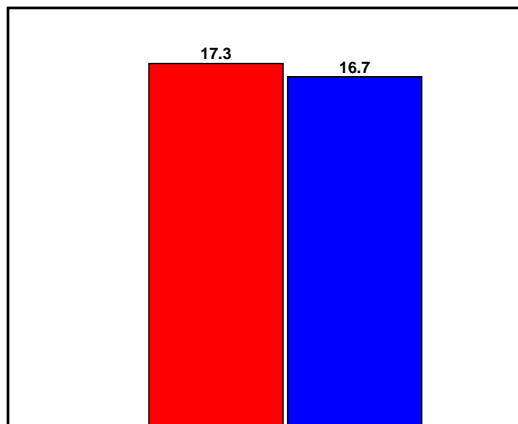
**% Ten Largest Holdings**



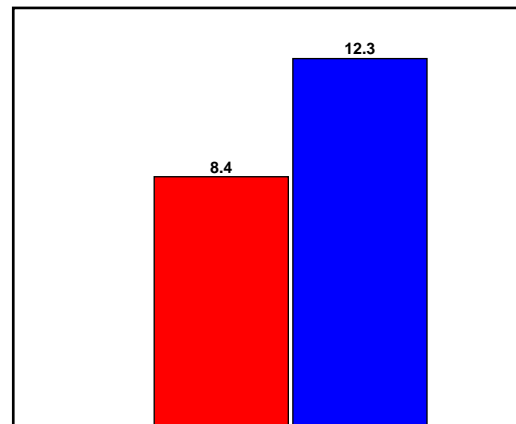
**Dividend Yield**



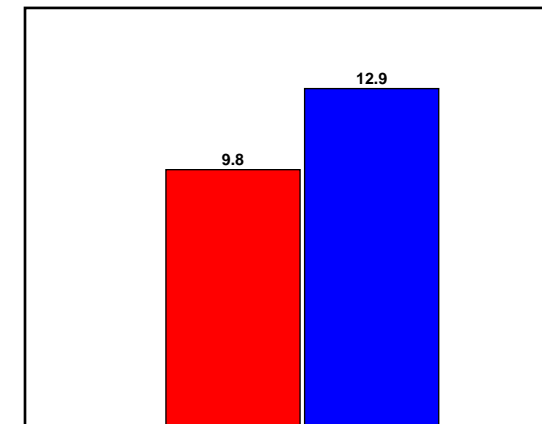
**PE (excl. Neg. Earnings)**



**EPS Growth - 5 Yrs**



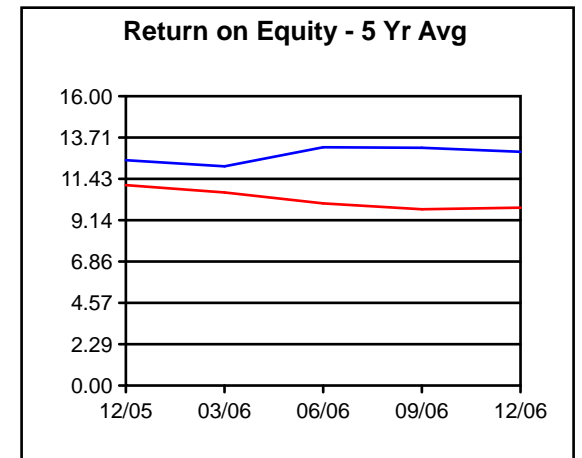
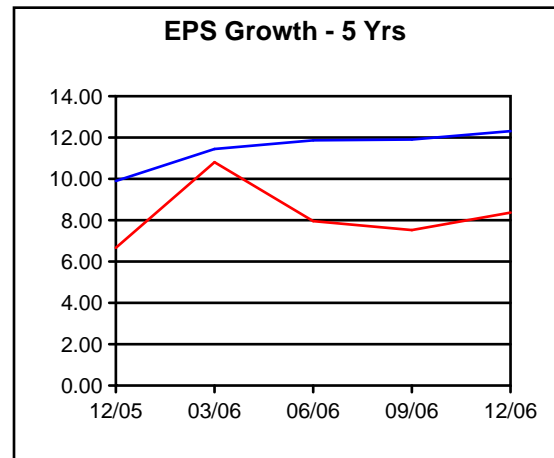
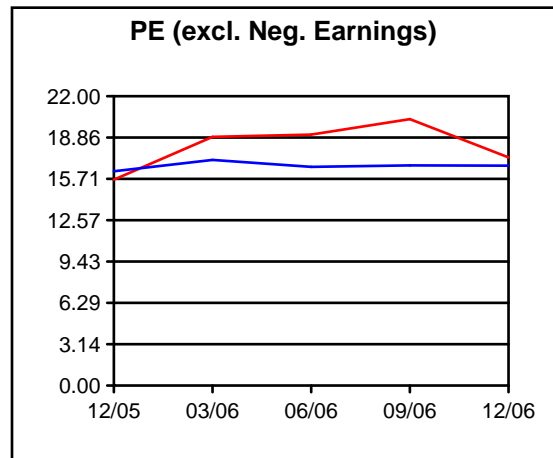
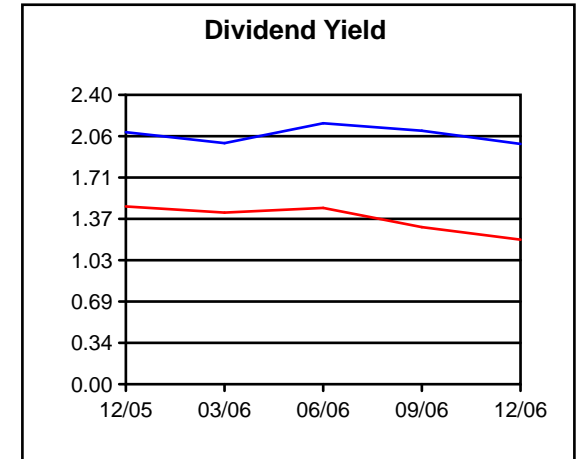
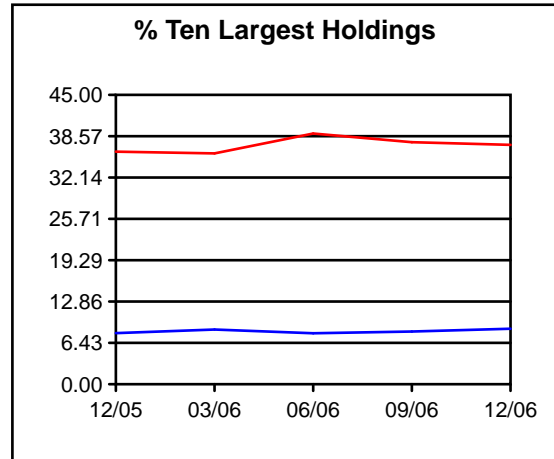
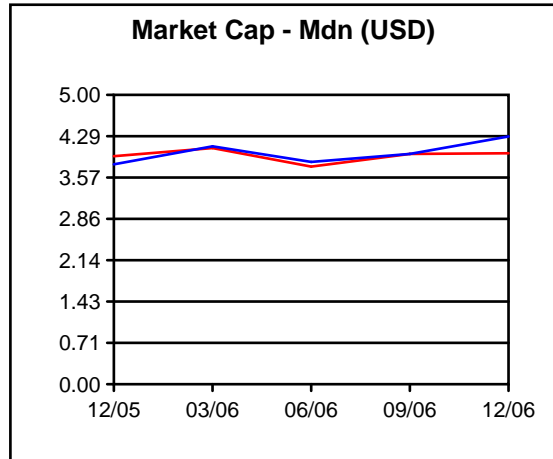
**Return on Equity - 5 Yr Avg**



Hotchkis and Wiley Cap Russell Midcap Value Index

## HISTORICAL PORTFOLIO CHARACTERISTICS

## Employees' Retirement System of the County of Milwaukee



Hotchkis and Wiley Cap      Russell Midcap Value Index



## ATTRIBUTION SUMMARY

County of Milwaukee

Hotchkis and Wiley Cap

Period Ending December 31, 2006

### QTR

Portfolio Return	7.8
Policy Return	8.5
Net Management Effect	(0.7)
Currency	0.0
Allocation	0.0
Selection	(0.6)

Currency USD

Policy is the Russell MidCap Value Index

Mercer Investment Consulting

## ATTRIBUTION DETAIL

County of Milwaukee

Hotchkis and Wiley Cap

3 Months Ending December 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Currency</u>	<u>Net Management Effect</u>			
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Return</u>	<u>Ccy</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	7.8	100.0	8.5	0.0	0.0	0.0	(0.6)	(0.7)
EQUITY	96.8	8.0	100.0	8.5	0.0	0.0	0.2	(0.6)	(0.5)
Technology	15.2	7.5	6.2	5.1	0.0	0.0	(0.3)	0.4	0.1
Health Care	1.4	(14.4)	2.6	(0.7)	0.0	0.0	0.1	(0.2)	(0.1)
Consumer Discretionary	17.6	8.7	11.2	9.7	0.0	0.0	0.1	(0.2)	(0.1)
Consumer Staples	0.9	14.1	6.8	6.4	0.0	0.0	0.1	0.1	0.2
Integrated Oils	---	---	1.1	14.0	0.0	0.0	(0.1)	0.0	(0.1)
Other Energy	1.5	10.0	3.9	10.4	0.0	0.0	0.0	0.0	0.0
Materials and Processing	18.1	10.4	7.6	11.8	0.0	0.0	0.3	(0.3)	0.1
Producer Durables	9.7	5.1	4.8	10.7	0.0	0.0	0.1	(0.6)	(0.4)
Autos and Transportation	3.0	2.9	3.7	6.2	0.0	0.0	0.0	(0.1)	(0.1)
Financial Services	23.8	7.0	33.8	7.4	0.0	0.0	0.1	(0.1)	0.0
Utilities	3.7	17.8	16.5	10.9	0.0	0.0	(0.3)	0.2	(0.1)
Other	1.7	15.0	1.9	10.5	0.0	0.0	0.0	0.1	0.1
CASH	3.2	1.5	---	---	0.0	0.0	(0.2)	0.0	(0.2)

Currency USD

Policy is the Russell MidCap Value Index

Mercer Investment Consulting

# TOTAL EQUITY CHARACTERISTICS SUMMARY

# Employees' Retirement System of the County of Milwaukee

December 31, 2006

UNITED STATES DOLLAR		Artisan Partners Limited Ptnr		Russell Midcap Growth Index					
<b>Characteristics Summary</b>									
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	9.65	100%	8.41				
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	92%	23.9	92%	22.0				
	Portfolio Price/Book	100%	3.59	100%	3.94				
	Price/Cash Flow	99%	17.9	99%	16.0				
	Return on Equity - 5 Year Average	84%	15.9	86%	18.0				
	EPS Growth - 5 Years	63%	20.4	70%	21.1				
	Dividend Yield	100%	0.41	100%	0.78				
	Debt/Equity	92%	0.69	93%	0.91				
	Beta (vs. R3000)	95%	1.4	97%	1.2				
	<b>Economic Sectors -</b>								
<b># holdings/% equity</b>	Technology	21	20.7%	72	13.8%				
Based on Russell	Health Care	14	18.5%	70	14.4%				
Sector Scheme	Consumer Discretionary and Services	17	17.1%	126	24.5%				
	Consumer Staples	3	3.8%	14	3.2%				
	Integrated Oils	0	0.0%	0	0.0%				
	Other Energy	4	2.9%	40	7.3%				
	Materials and Processing	7	7.3%	43	6.9%				
	Producer Durables	5	5.0%	52	8.3%				
	Autos and Transportation	3	2.1%	21	4.3%				
	Financial Services	17	16.0%	78	12.5%				
	Utilities	3	3.1%	15	3.3%				
	Other	2	3.4%	8	1.4%				
	Account Number		1MIFLART0012		IX1F00056628				

# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

# Employees' Retirement System of the County of Milwaukee Artisan Partners Limited Ptnr

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	9.65	100%	9.09	100%	8.64	100%	9.30	100%	9.44
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	92%	23.9	94%	22.8	95%	24.9	98%	26.8	98%	25.9
	Portfolio Price/Book	100%	3.59	100%	3.46	100%	3.77	100%	4.08	98%	3.75
	Price/Cash Flow	99%	17.9	100%	17.1	99%	19.0	100%	20.7	98%	18.4
	Return on Equity - 5 Year Average	84%	15.9	80%	15.3	83%	14.8	84%	13.8	84%	14.0
	EPS Growth - 5 Years	63%	20.4	68%	25.0	63%	20.9	63%	24.4	68%	20.5
	Dividend Yield	100%	0.41	100%	0.43	100%	0.38	100%	0.38	100%	0.43
	Debt/Equity	92%	0.69	95%	0.75	96%	0.63	96%	0.64	96%	0.67
	Beta (vs. R3000)	95%	1.4	97%	1.4	94%	1.4	94%	1.4	95%	1.4
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	21	20.7%	20	21.0%	20	19.2%	25	22.4%	26	23.2%
Based on Russell	Health Care	14	18.5%	14	17.7%	12	16.2%	20	17.8%	21	18.9%
Sector Scheme	Consumer Discretionary and Services	17	17.1%	18	17.0%	21	20.8%	23	19.6%	20	18.5%
	Consumer Staples	3	3.8%	2	2.1%	1	1.2%	1	1.4%	1	2.2%
	Integrated Oils	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Other Energy	4	2.9%	5	4.9%	5	6.4%	4	6.0%	4	6.7%
	Materials and Processing	7	7.3%	5	6.3%	5	6.7%	6	7.5%	6	6.9%
	Producer Durables	5	5.0%	5	5.4%	5	5.1%	5	5.0%	6	3.9%
	Autos and Transportation	3	2.1%	3	2.2%	4	3.6%	3	2.5%	3	2.0%
	Financial Services	17	16.0%	18	16.8%	13	14.0%	13	12.5%	14	12.6%
	Utilities	3	3.1%	3	3.5%	3	3.4%	2	2.6%	2	2.3%
	Other	2	3.4%	2	3.1%	2	3.5%	2	2.6%	3	2.7%
Account Number	1MIFLART0012										

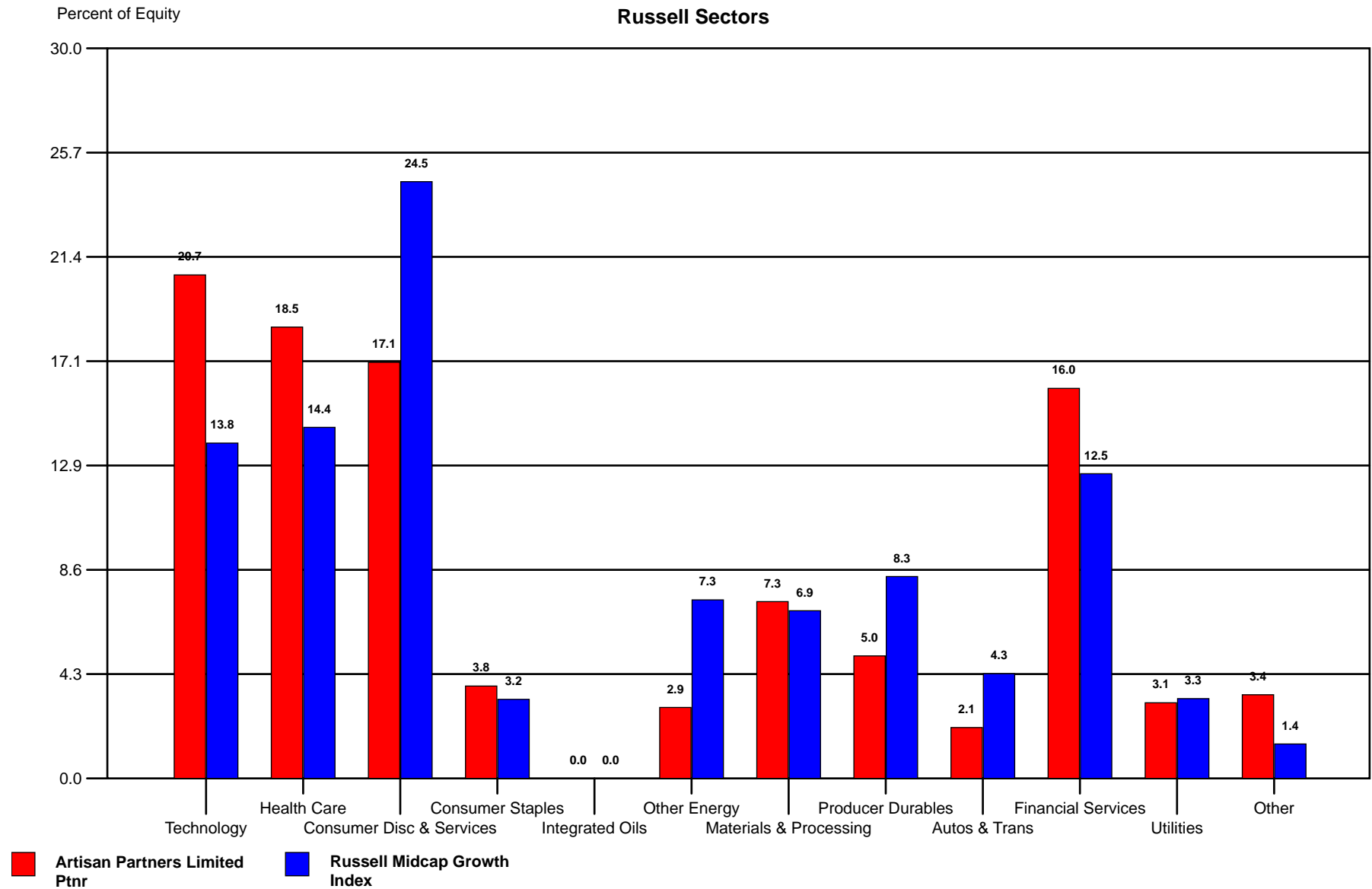
# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

# Employees' Retirement System of the County of Milwaukee Russell Midcap Growth Index

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	8.41	100%	7.79	100%	7.50	100%	8.28	100%	7.56
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	92%	22.0	91%	21.7	91%	22.8	92%	22.6	94%	22.0
	Portfolio Price/Book	100%	3.94	99%	3.89	100%	3.99	100%	4.16	100%	4.00
	Price/Cash Flow	99%	16.0	99%	15.7	99%	16.9	100%	18.1	99%	16.2
	Return on Equity - 5 Year Average	86%	18.0	85%	17.3	84%	16.9	87%	17.0	84%	17.1
	EPS Growth - 5 Years	70%	21.1	70%	20.9	72%	20.6	74%	21.9	73%	18.6
	Dividend Yield	100%	0.78	100%	0.79	100%	0.79	100%	0.73	100%	0.72
	Debt/Equity	93%	0.91	93%	0.95	93%	0.91	95%	0.81	95%	0.82
	Beta (vs. R3000)	97%	1.2	98%	1.3	96%	1.3	98%	1.3	98%	1.2
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	72	13.8%	74	14.7%	74	14.5%	67	16.6%	70	16.0%
Based on Russell	Health Care	70	14.4%	71	14.7%	71	14.4%	69	15.4%	72	16.3%
Sector Scheme	Consumer Discretionary and Services	126	24.5%	125	24.1%	124	23.7%	122	21.8%	124	22.0%
	Consumer Staples	14	3.2%	14	3.4%	14	3.4%	9	1.9%	9	1.9%
	Integrated Oils	0	0.0%	0	0.0%	0	0.0%	1	0.4%	1	0.5%
	Other Energy	40	7.3%	40	7.3%	40	8.4%	33	9.0%	33	9.3%
	Materials and Processing	43	6.9%	42	6.5%	42	6.5%	30	5.5%	30	5.1%
	Producer Durables	52	8.3%	53	8.2%	53	8.2%	49	9.3%	49	9.2%
	Autos and Transportation	21	4.3%	21	4.3%	21	4.5%	19	3.6%	19	3.5%
	Financial Services	78	12.5%	76	12.2%	77	11.6%	71	12.4%	72	11.9%
	Utilities	15	3.3%	15	3.2%	16	3.2%	11	2.3%	12	2.3%
	Other	8	1.4%	8	1.4%	8	1.5%	8	1.8%	8	1.8%
Account Number	IX1F00056628										

**TOTAL SUMMARY OF SECTOR DISTRIBUTION**  
**As of December 31, 2006**

**Employees' Retirement System of the County of Milwaukee**

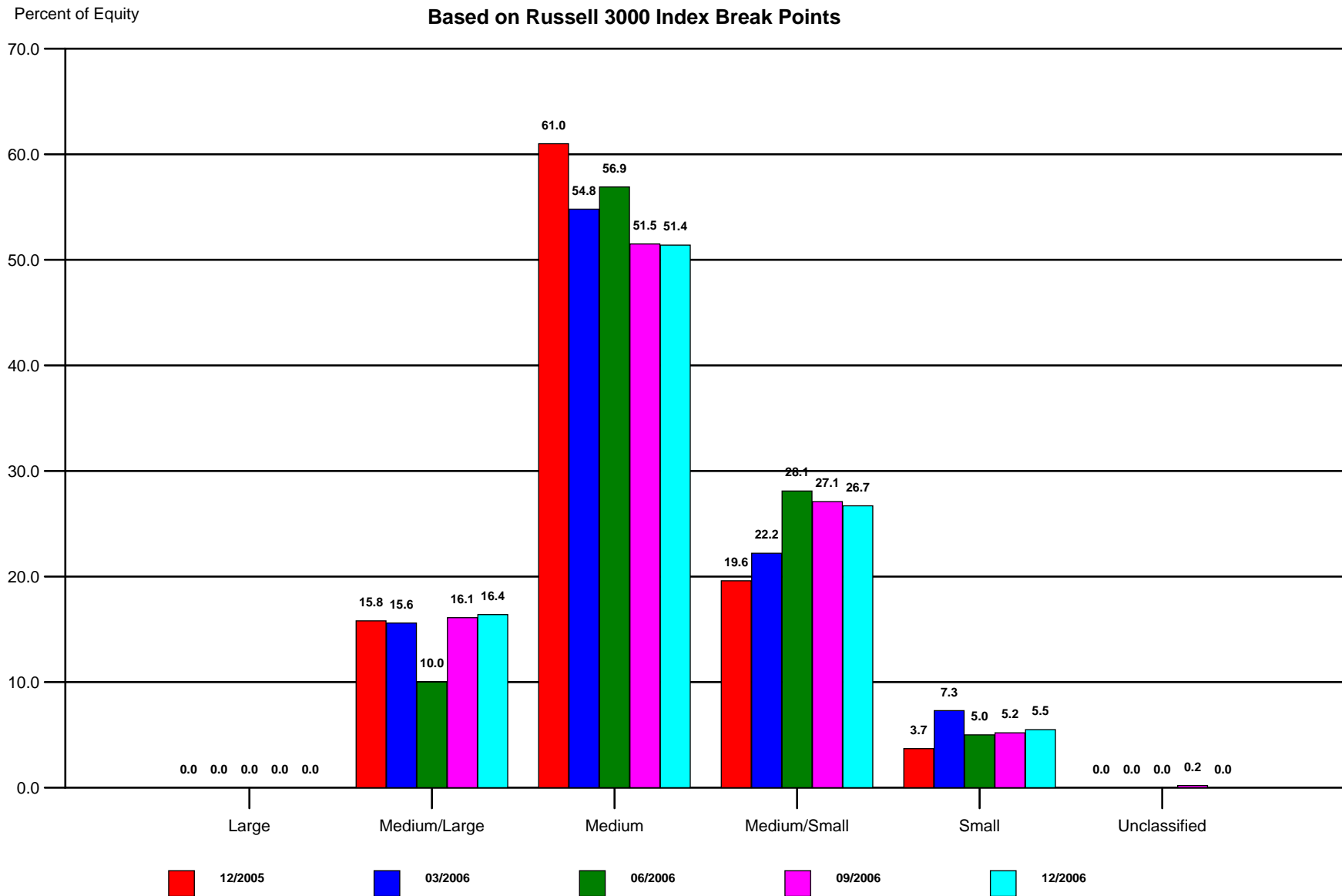


Mercer Investment Consulting

## TOTAL HISTORICAL SIZE OF COMPANIES

Employees' Retirement System of the County of Milwaukee

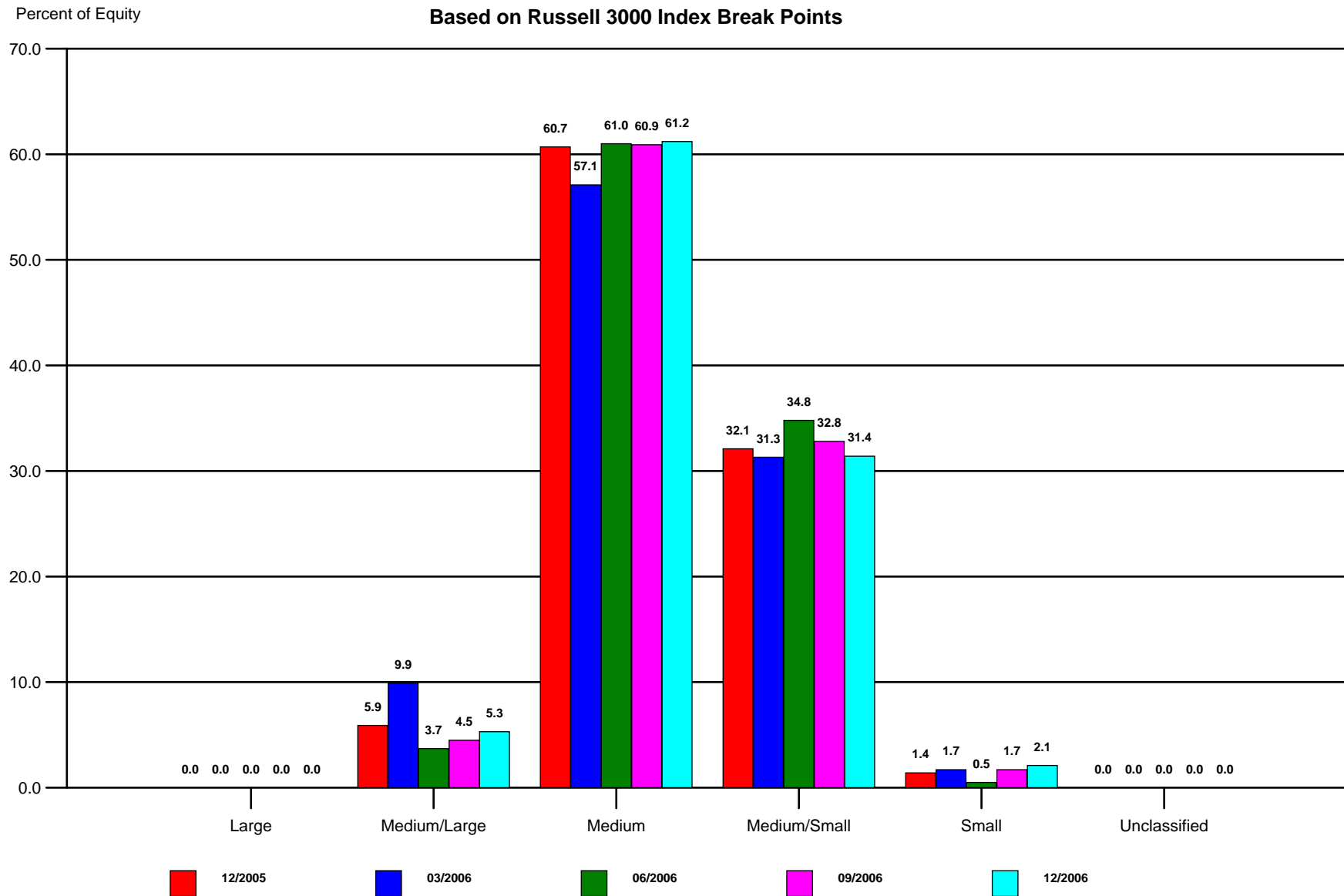
Artisan Partners Limited Ptnr



## TOTAL HISTORICAL SIZE OF COMPANIES

## Employees' Retirement System of the County of Milwaukee

### Russell Midcap Growth Index

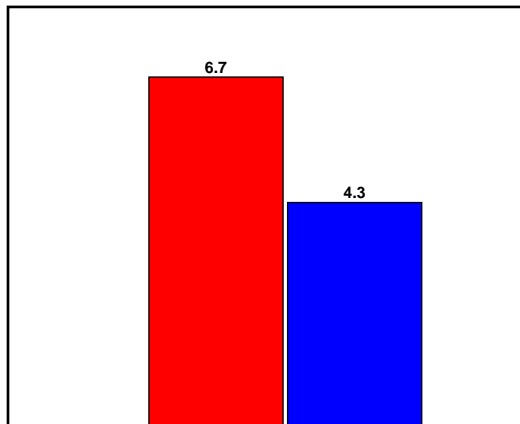




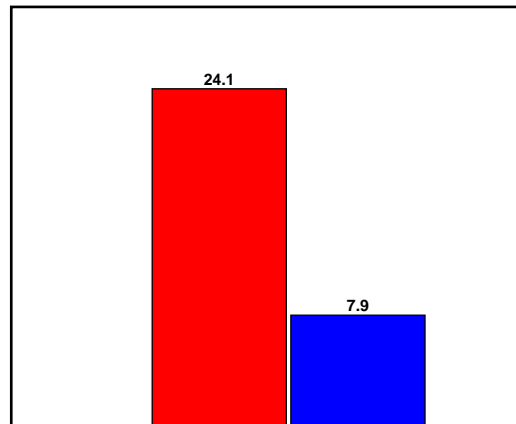
**TOTAL SUMMARY PORTFOLIO CHARACTERISTICS**  
As of December 31, 2006

**Employees' Retirement System of the County of Milwaukee**

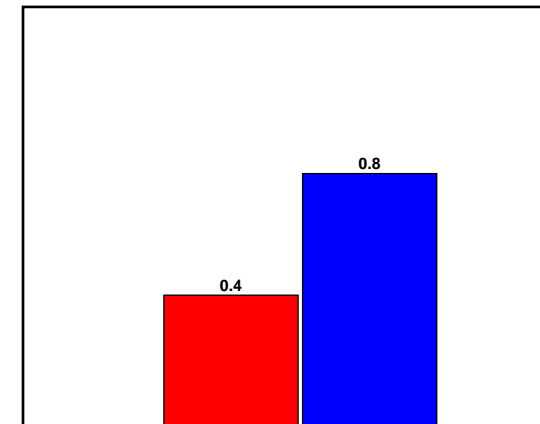
**Market Cap - Mdn (USD)**



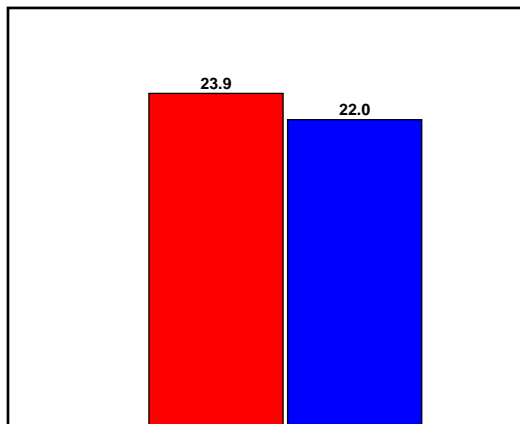
**% Ten Largest Holdings**



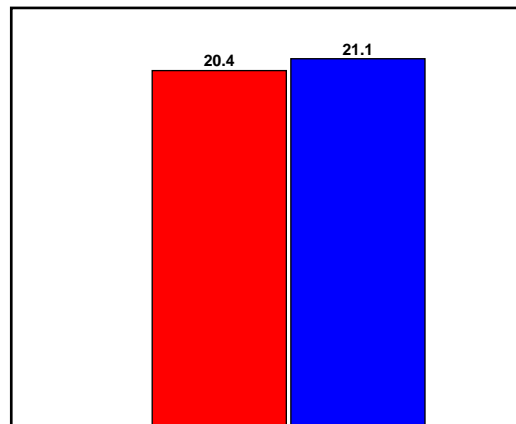
**Dividend Yield**



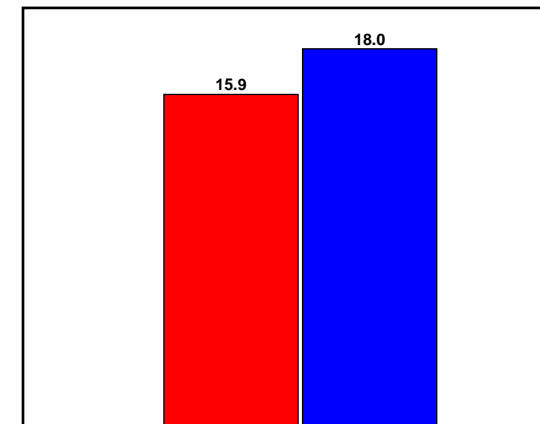
**PE (excl. Neg. Earnings)**



**EPS Growth - 5 Yrs**



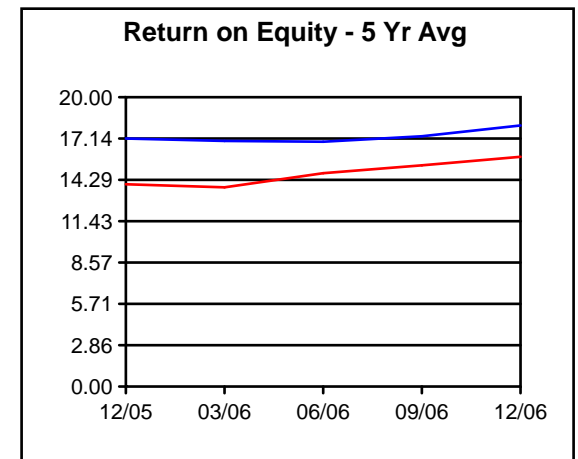
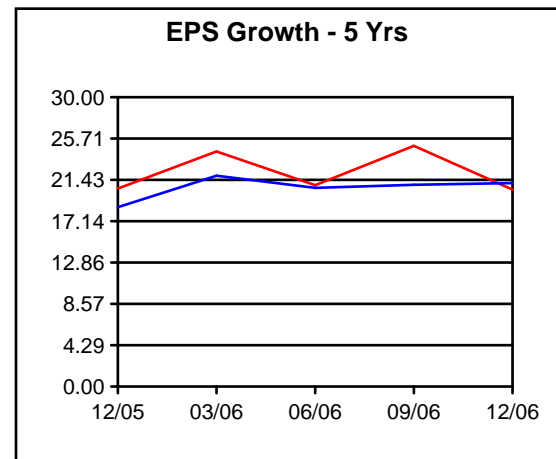
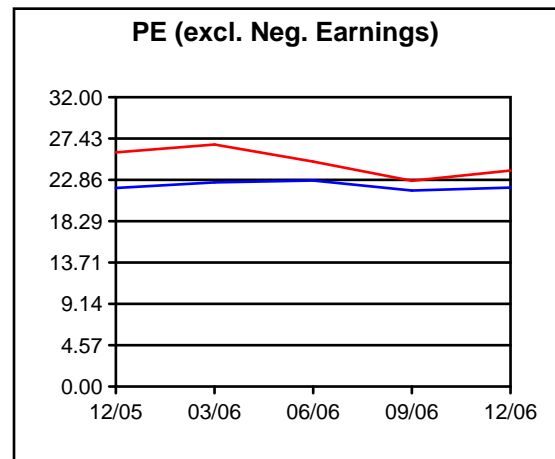
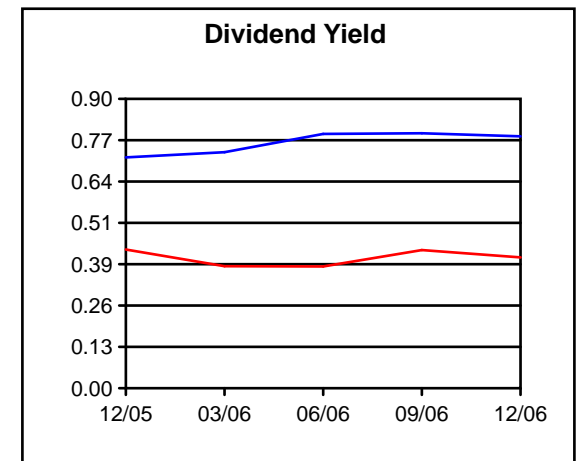
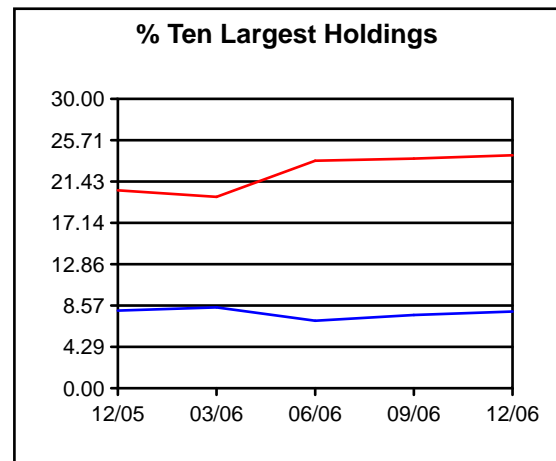
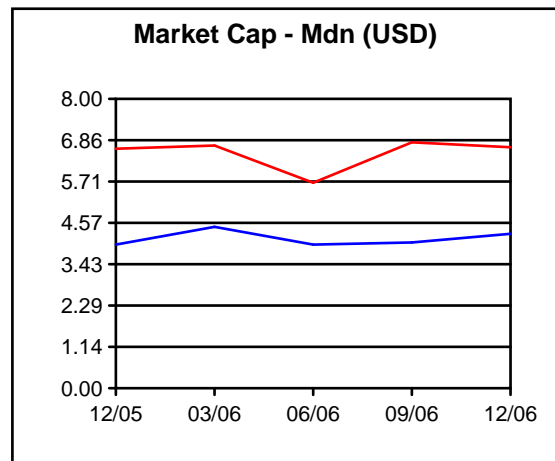
**Return on Equity - 5 Yr Avg**



■ Artisan Partners Limited Ptnr
 ■ Russell Midcap Growth Index

## HISTORICAL PORTFOLIO CHARACTERISTICS

## Employees' Retirement System of the County of Milwaukee



— Artisan Partners Limited Ptnr — Russell Midcap Growth Index

## ATTRIBUTION SUMMARY

County of Milwaukee

Artisan Partners Limited Ptnr

Period Ending December 31, 2006

### QTR

Portfolio Return	6.6
Policy Return	6.9
Net Management Effect	(0.3)
Allocation	(0.6)
Selection	0.3

Currency USD

Policy Benchmark is Russell Midcap Growth

Mercer Investment Consulting

## ATTRIBUTION DETAIL

County of Milwaukee

Artisan Partners Limited Ptnr

3 Months Ending December 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	6.6	100.0	6.9	(0.6)	0.3	(0.3)
EQUITY	96.4	6.9	100.0	6.9	(0.4)	0.3	(0.1)
Technology	20.9	1.8	14.4	4.3	(0.2)	(0.5)	(0.6)
Health Care	17.5	7.7	14.4	3.1	(0.1)	0.8	0.7
Consumer Discretionary	16.3	6.6	24.3	8.8	(0.1)	(0.3)	(0.5)
Consumer Staples	2.4	8.9	3.4	0.6	0.1	0.2	0.3
Integrated Oils	---	---	---	---	0.0	0.0	0.0
Other Energy	4.0	7.0	7.5	7.4	0.1	0.0	0.0
Materials and Processing	6.4	14.2	6.6	12.8	0.0	0.1	0.1
Producer Durables	5.0	10.1	8.3	9.5	(0.1)	0.0	(0.1)
Autos and Transportation	2.1	(2.7)	4.4	7.1	0.0	(0.2)	(0.2)
Financial Services	15.6	7.7	12.2	7.2	0.0	0.1	0.1
Utilities	3.1	2.8	3.2	8.0	0.0	(0.2)	(0.2)
Other	3.1	18.9	1.4	8.8	0.0	0.3	0.3
CASH	3.6	0.0	---	---	(0.2)	0.0	(0.2)

Currency USD

Policy Benchmark is Russell Midcap Growth

Mercer Investment Consulting

# TOTAL EQUITY CHARACTERISTICS SUMMARY

# Employees' Retirement System of the County of Milwaukee

December 31, 2006

UNITED STATES DOLLAR		Earnest Partners LLC		Reinhart & Mahoney Cap Mgmt.		Russell Midcap Index			
<b>Characteristics Summary</b>									
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	8.75	100%	6.05	100%	8.45		
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	96%	16.4	99%	19.6	90%	19.2		
	Portfolio Price/Book	100%	2.49	100%	2.61	100%	2.75		
	Price/Cash Flow	97%	11.1	100%	14.1	98%	13.3		
	Return on Equity - 5 Year Average	98%	18.0	88%	14.9	88%	15.6		
	EPS Growth - 5 Years	79%	23.0	80%	19.4	72%	16.9		
	Dividend Yield	100%	0.99	100%	1.02	100%	1.35		
	Debt/Equity	94%	0.94	94%	0.67	92%	1.15		
	Beta (vs. R3000)	99%	1.0	90%	1.1	97%	1.1		
	<b>Economic Sectors -</b>								
<b># holdings/% equity</b>	Technology	8	14.5%	12	13.7%	79	10.0%		
Based on Russell	Health Care	8	14.3%	12	17.1%	72	8.9%		
Sector Scheme	Consumer Discretionary and Services	12	20.2%	12	15.8%	151	18.4%		
	Consumer Staples	0	0.0%	3	4.8%	29	5.0%		
	Integrated Oils	0	0.0%	0	0.0%	2	0.5%		
	Other Energy	5	8.9%	7	7.6%	52	5.7%		
	Materials and Processing	4	5.3%	5	9.1%	69	7.3%		
	Producer Durables	5	10.6%	5	6.5%	55	6.7%		
	Autos and Transportation	2	3.4%	4	6.3%	30	4.0%		
	Financial Services	11	20.0%	11	16.9%	175	22.3%		
	Utilities	2	2.8%	2	2.2%	58	9.6%		
	Other	0	0.0%	0	0.0%	12	1.6%		
	Account Number	1MIFLEARNP02		1MIFLREINM02		IX1F00027618			

# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

# Employees' Retirement System of the County of Milwaukee Earnest Partners LLC

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	8.75	100%	8.90	100%	9.00	100%	9.15	100%	8.13
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	96%	16.4	91%	16.6	89%	17.8	92%	17.5	96%	16.0
	Portfolio Price/Book	100%	2.49	99%	2.46	100%	2.58	100%	2.88	100%	2.74
	Price/Cash Flow	97%	11.1	98%	10.4	99%	10.5	100%	11.5	100%	10.8
	Return on Equity - 5 Year Average	98%	18.0	95%	16.8	95%	17.0	96%	17.9	92%	17.5
	EPS Growth - 5 Years	79%	23.0	78%	21.0	81%	22.4	82%	23.3	82%	21.5
	Dividend Yield	100%	0.99	100%	1.04	100%	0.96	100%	0.85	100%	0.92
	Debt/Equity	94%	0.94	94%	0.98	93%	1.01	95%	1.07	92%	0.87
	Beta (vs. R3000)	99%	1.0	98%	1.1	99%	1.1	99%	1.1	98%	0.9
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	8	14.5%	8	14.5%	7	13.2%	8	14.1%	6	10.2%
Based on Russell	Health Care	8	14.3%	8	14.8%	9	16.3%	9	17.5%	9	18.7%
Sector Scheme	Consumer Discretionary and Services	12	20.2%	13	20.6%	12	18.5%	12	20.3%	12	20.0%
	Consumer Staples	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Integrated Oils	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Other Energy	5	8.9%	5	8.1%	5	9.5%	5	8.0%	5	9.6%
	Materials and Processing	4	5.3%	4	4.9%	4	5.0%	4	5.0%	4	5.1%
	Producer Durables	5	10.6%	5	10.5%	5	10.6%	5	11.6%	5	12.7%
	Autos and Transportation	2	3.4%	2	3.4%	2	3.7%	1	2.0%	1	1.9%
	Financial Services	11	20.0%	11	19.3%	11	20.2%	11	18.7%	12	19.1%
	Utilities	2	2.8%	3	3.9%	4	2.9%	3	2.9%	3	2.8%
	Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Account Number	1MIFLEARNP02										

# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

## Employees' Retirement System of the County of Milwaukee Reinhart & Mahoney Cap Mgmt.

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	6.05	100%	6.28	100%	6.33	99%	5.70	99%	4.62
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	99%	19.6	98%	20.0	98%	20.9	97%	22.5	94%	20.1
	Portfolio Price/Book	100%	2.61	100%	2.71	100%	2.66	99%	2.74	99%	2.35
	Price/Cash Flow	100%	14.1	100%	14.3	100%	14.6	100%	16.4	100%	13.6
	Return on Equity - 5 Year Average	88%	14.9	86%	13.5	85%	13.5	87%	13.6	90%	12.7
	EPS Growth - 5 Years	80%	19.4	80%	22.2	76%	18.4	74%	16.5	73%	14.5
	Dividend Yield	100%	1.02	100%	1.05	100%	1.08	100%	1.00	100%	0.99
	Debt/Equity	94%	0.67	92%	0.74	91%	0.79	91%	0.81	91%	0.91
	Beta (vs. R3000)	90%	1.1	93%	1.1	96%	1.0	95%	1.1	95%	1.0
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	12	13.7%	11	12.3%	12	11.4%	13	12.7%	10	11.9%
Based on Russell	Health Care	12	17.1%	17	20.9%	20	23.3%	18	17.7%	16	15.3%
Sector Scheme	Consumer Discretionary and Services	12	15.8%	12	15.3%	15	16.1%	18	22.2%	19	21.2%
	Consumer Staples	3	4.8%	1	1.5%	1	1.4%	2	1.9%	3	2.6%
	Integrated Oils	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Other Energy	7	7.6%	9	8.3%	6	6.8%	8	7.8%	7	7.7%
	Materials and Processing	5	9.1%	6	8.1%	5	6.0%	4	4.6%	4	4.5%
	Producer Durables	5	6.5%	7	7.9%	8	7.3%	8	6.2%	7	4.5%
	Autos and Transportation	4	6.3%	4	3.8%	3	1.6%	5	2.5%	5	3.1%
	Financial Services	11	16.9%	13	18.6%	15	19.0%	12	17.3%	17	23.9%
	Utilities	2	2.2%	3	3.3%	5	7.0%	7	7.1%	5	5.4%
	Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Account Number	1MIFLREINM02										

# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

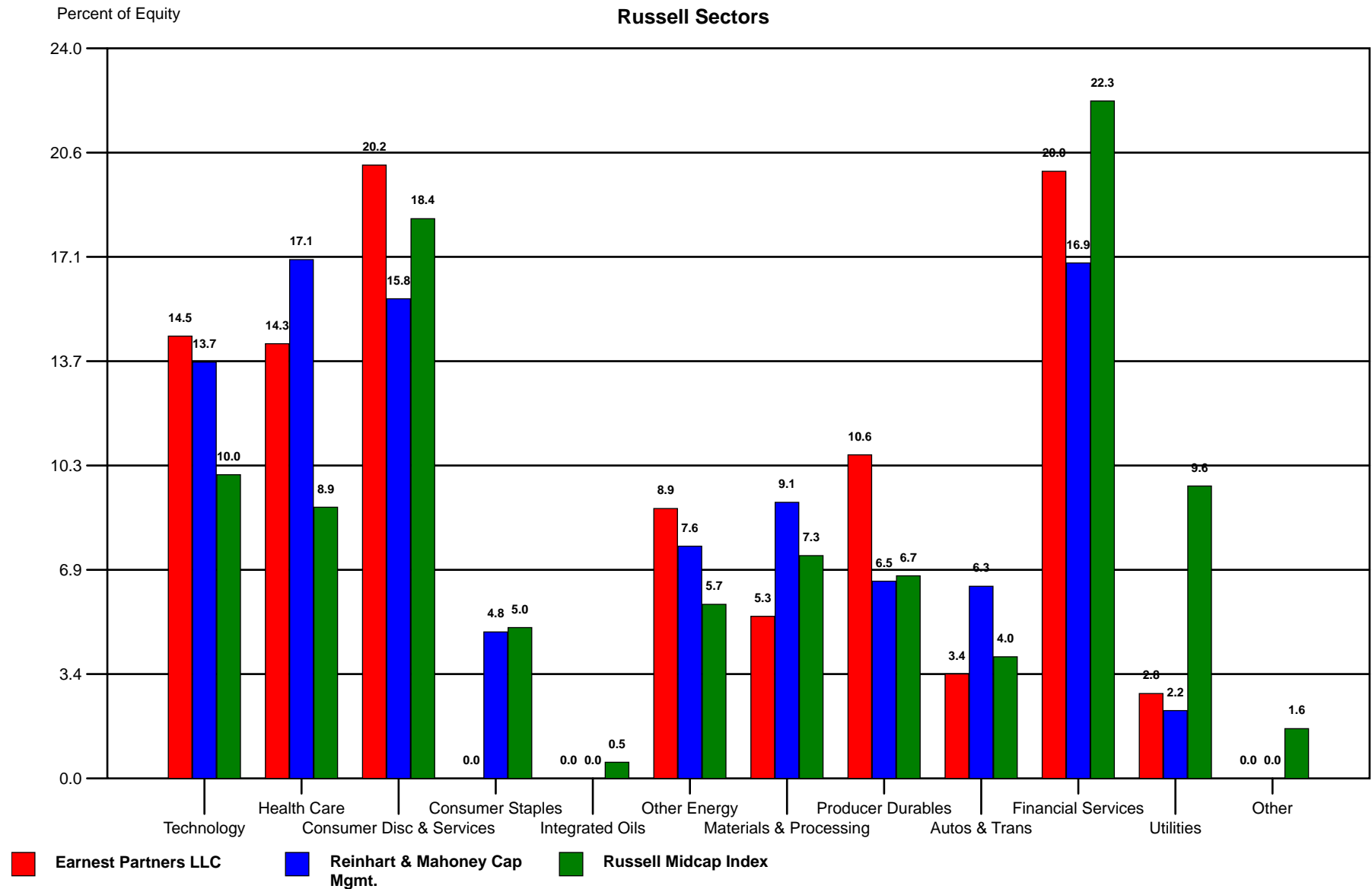
## Employees' Retirement System of the County of Milwaukee Russell Midcap Index

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	8.45	100%	7.84	100%	7.54	100%	8.36	100%	7.62
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	90%	19.2	90%	19.1	90%	19.5	92%	19.4	92%	18.7
	Portfolio Price/Book	100%	2.75	99%	2.67	99%	2.70	100%	2.82	100%	2.68
	Price/Cash Flow	98%	13.3	97%	13.1	98%	13.2	99%	13.9	99%	12.7
	Return on Equity - 5 Year Average	88%	15.6	87%	15.3	87%	15.1	91%	14.4	89%	14.6
	EPS Growth - 5 Years	72%	16.9	73%	16.6	74%	16.4	76%	16.4	75%	14.0
	Dividend Yield	100%	1.35	100%	1.40	100%	1.43	100%	1.38	100%	1.42
	Debt/Equity	92%	1.15	93%	1.16	92%	1.14	94%	1.15	93%	1.13
	Beta (vs. R3000)	97%	1.1	97%	1.1	96%	1.1	98%	1.1	97%	1.1
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	79	10.0%	81	10.9%	81	10.8%	76	11.9%	79	11.5%
Based on Russell	Health Care	72	8.9%	73	9.0%	73	8.9%	72	9.3%	75	9.8%
Sector Scheme	Consumer Discretionary and Services	151	18.4%	150	18.1%	149	17.8%	152	16.2%	154	16.4%
	Consumer Staples	29	5.0%	29	5.0%	29	4.9%	29	4.1%	29	4.2%
	Integrated Oils	2	0.5%	2	0.5%	2	0.6%	2	0.5%	2	0.5%
	Other Energy	52	5.7%	52	5.6%	53	6.8%	40	6.5%	41	6.8%
	Materials and Processing	69	7.3%	68	6.9%	68	7.1%	59	7.3%	59	6.7%
	Producer Durables	55	6.7%	56	6.6%	56	6.6%	53	6.9%	53	6.9%
	Autos and Transportation	30	4.0%	30	4.0%	30	4.1%	27	3.5%	28	3.4%
	Financial Services	175	22.3%	179	22.6%	181	21.8%	187	23.5%	190	23.0%
	Utilities	58	9.6%	58	9.3%	60	9.0%	59	8.3%	62	8.9%
	Other	12	1.6%	12	1.6%	12	1.7%	11	1.9%	11	1.9%
Account Number	IX1F00027618										



**TOTAL SUMMARY OF SECTOR DISTRIBUTION**  
**As of December 31, 2006**

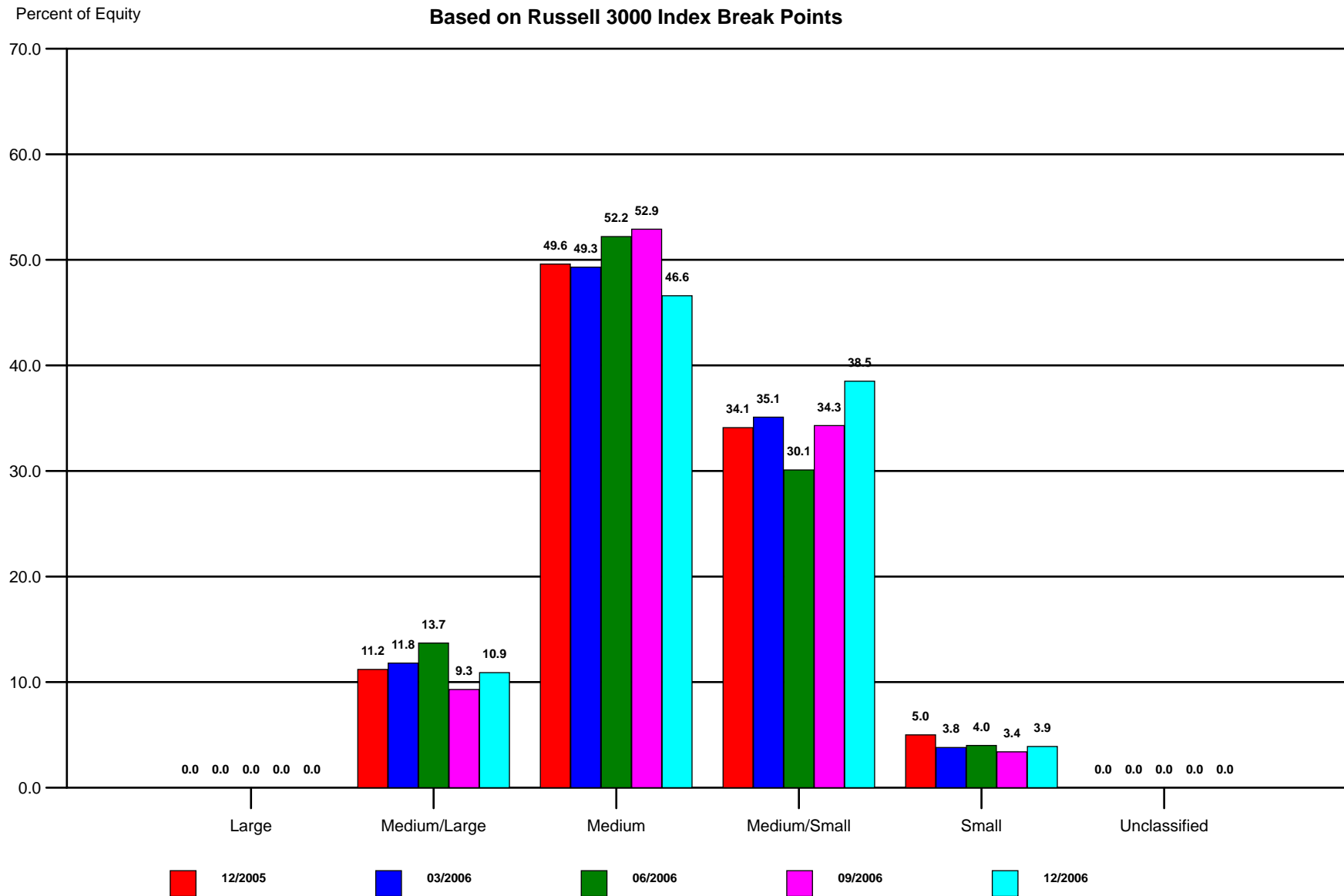
**Employees' Retirement System of the County of Milwaukee**



## TOTAL HISTORICAL SIZE OF COMPANIES

Employees' Retirement System of the County of Milwaukee

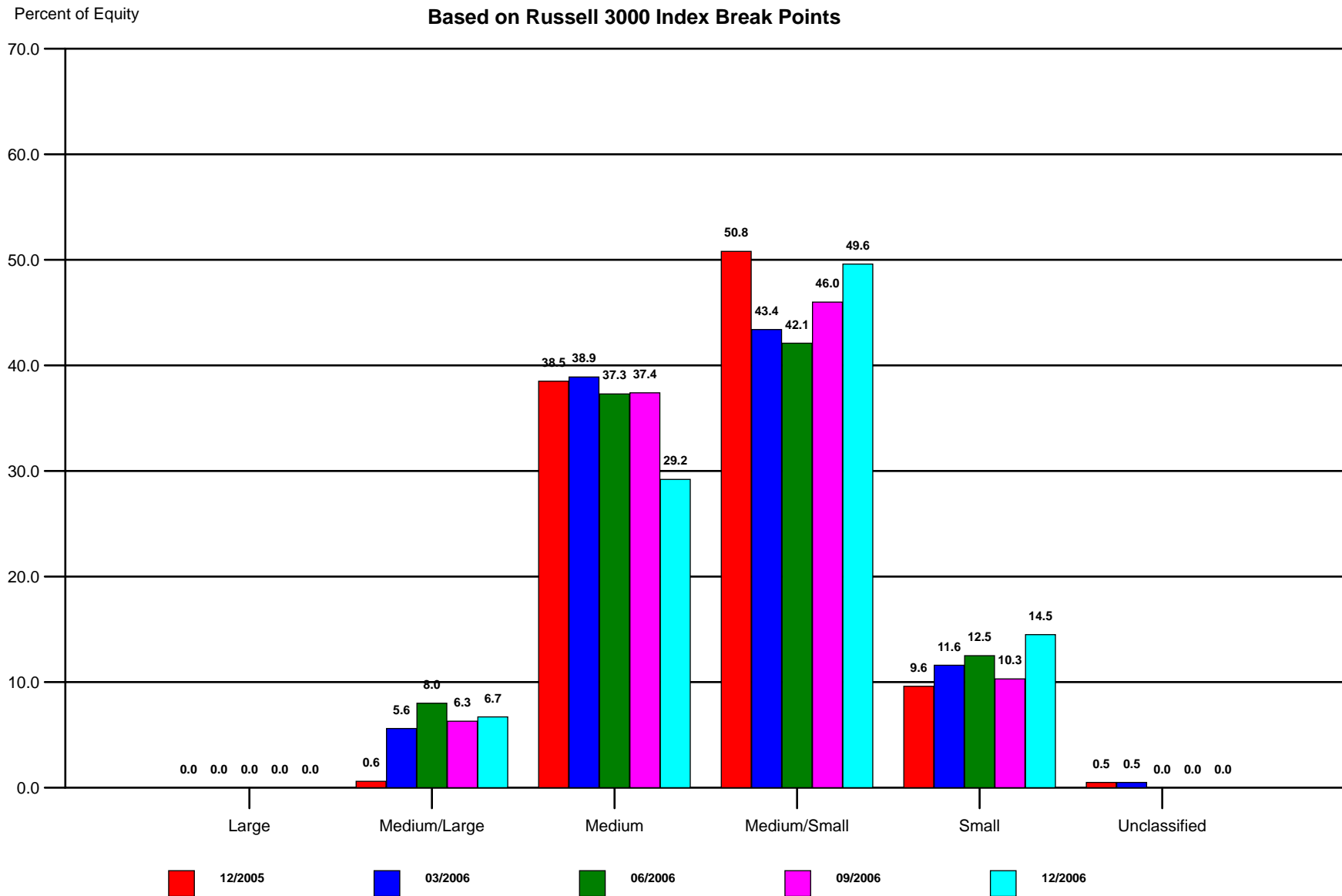
Earnest Partners LLC



## TOTAL HISTORICAL SIZE OF COMPANIES

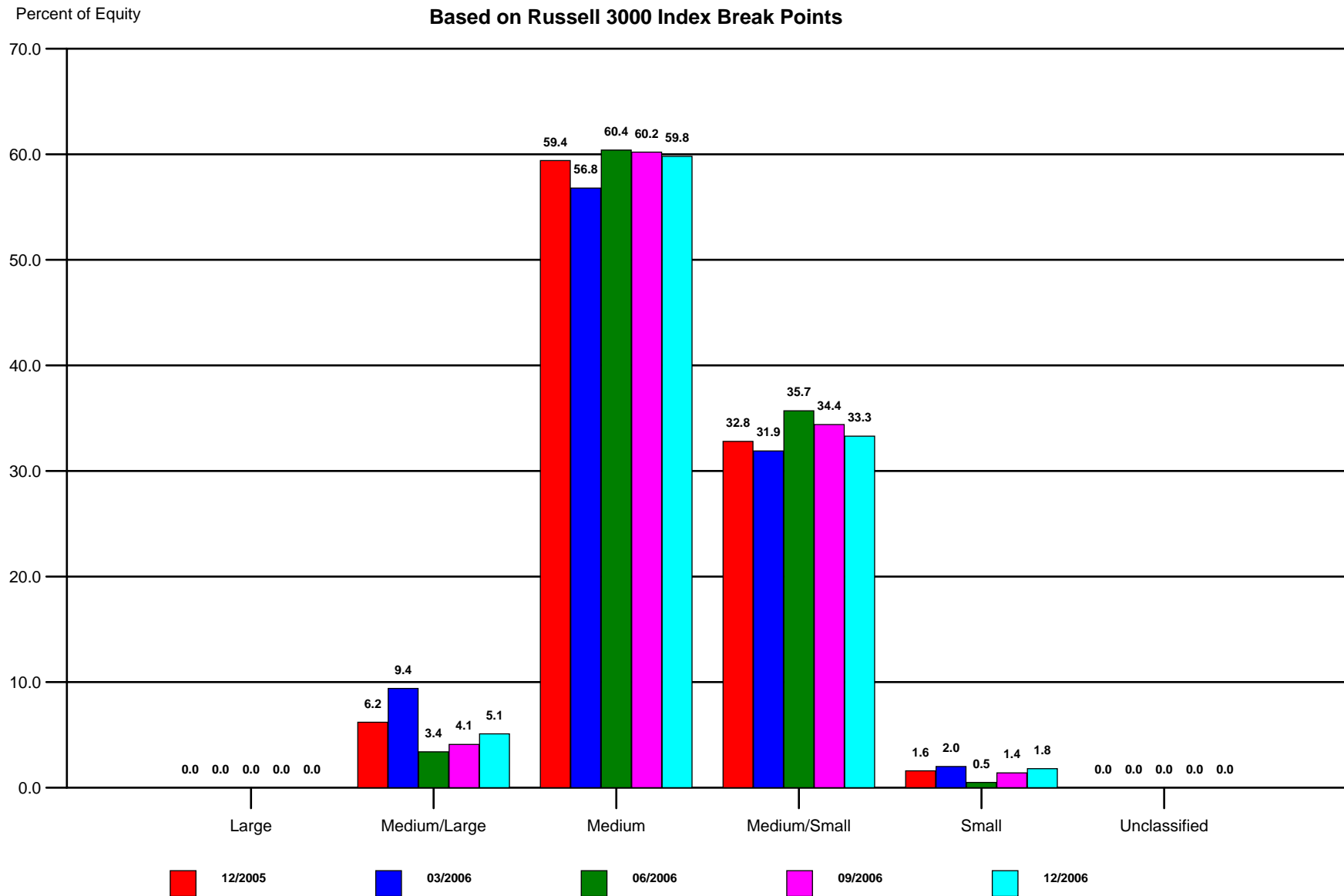
Employees' Retirement System of the County of Milwaukee

Reinhart & Mahoney Cap Mgmt.



## TOTAL HISTORICAL SIZE OF COMPANIES

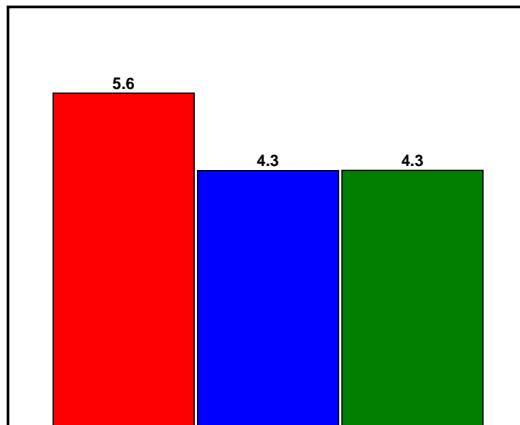
## Employees' Retirement System of the County of Milwaukee Russell Midcap Index



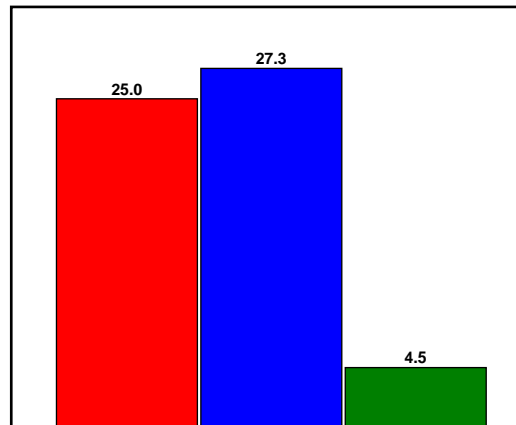
**TOTAL SUMMARY PORTFOLIO CHARACTERISTICS**  
As of December 31, 2006

**Employees' Retirement System of the County of Milwaukee**

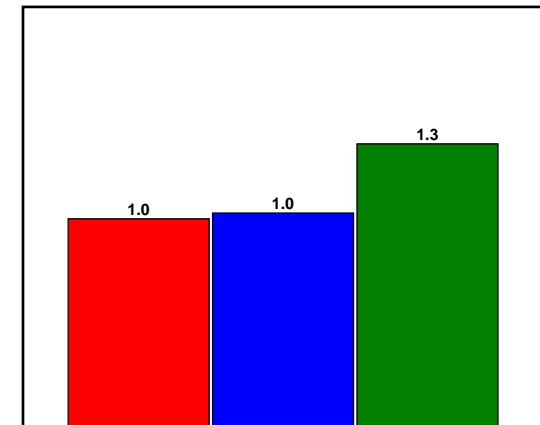
**Market Cap - Mdn (USD)**



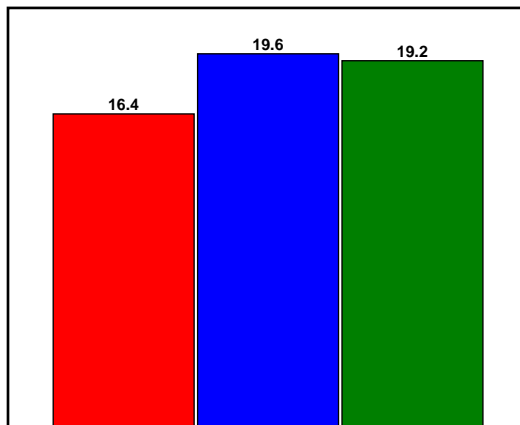
**% Ten Largest Holdings**



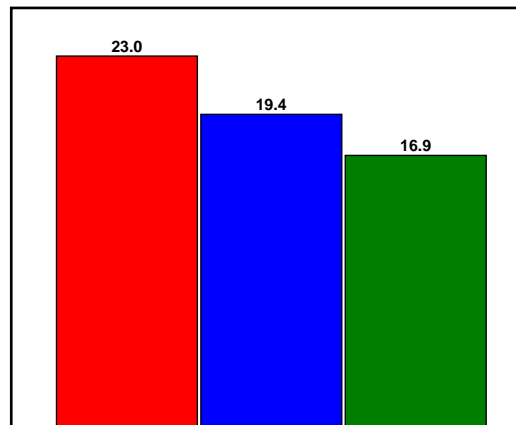
**Dividend Yield**



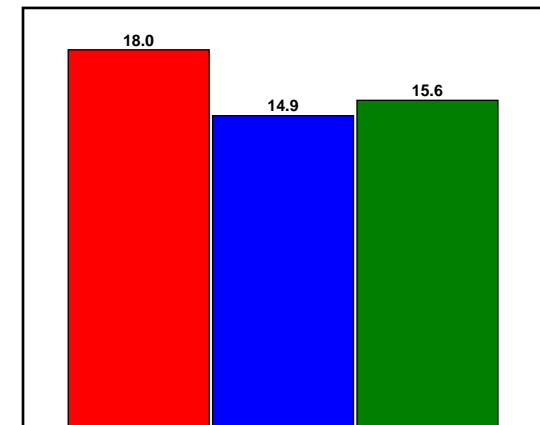
**PE (excl. Neg. Earnings)**



**EPS Growth - 5 Yrs**



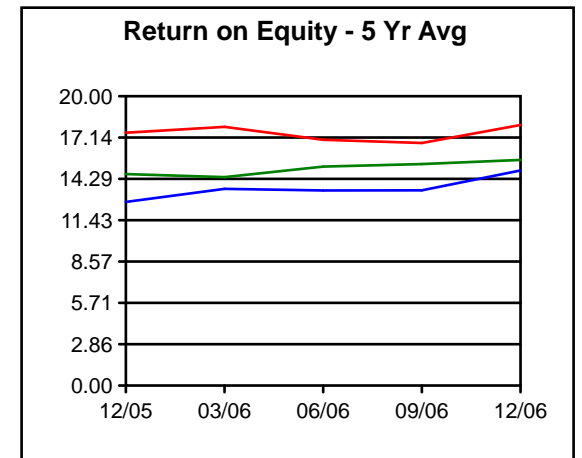
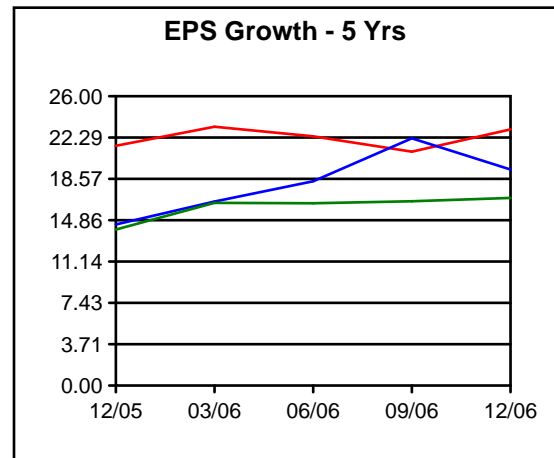
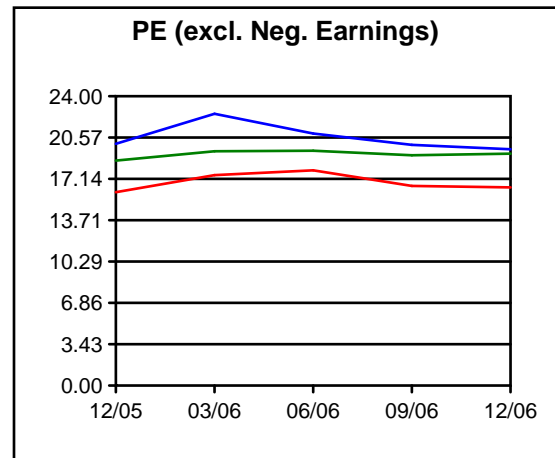
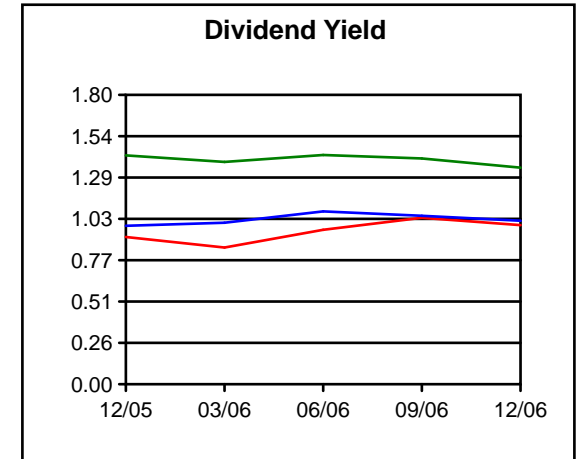
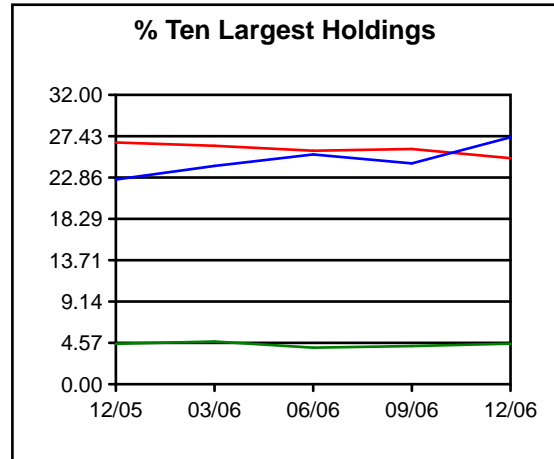
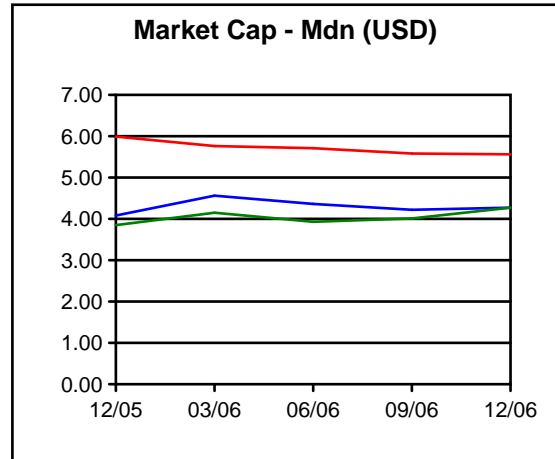
**Return on Equity - 5 Yr Avg**



■ Earnest Partners LLC
 ■ Reinhart & Mahoney Cap Mgmt.
 ■ Russell Midcap Index

## HISTORICAL PORTFOLIO CHARACTERISTICS

## Employees' Retirement System of the County of Milwaukee



— Earnest Partners LLC
 — Reinhart & Mahoney Cap Mgmt.
 — Russell Midcap Index

## ATTRIBUTION SUMMARY

County of Milwaukee

Earnest Partners LLC

Period Ending December 31, 2006

### QTR

Portfolio Return	4.4
Policy Return	7.7
Net Management Effect	(3.2)
Currency	0.0
Allocation	(0.6)
Selection	(2.6)

Currency USD

Policy Benchmark is Russell MidCap

Mercer Investment Consulting

## ATTRIBUTION DETAIL

County of Milwaukee

Earnest Partners LLC

3 Months Ending December 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Currency</u>	<u>Net Management Effect</u>			
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Return</u>	<u>Ccy</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	4.4	100.0	7.7	0.0	0.0	(0.6)	(2.6)	(3.2)
EQUITY	97.0	4.5	100.0	7.7	0.0	0.0	(0.5)	(2.6)	(3.1)
Technology	14.0	(2.2)	10.6	4.5	0.0	0.0	(0.1)	(1.0)	(1.1)
Health Care	14.3	(0.2)	8.8	2.6	0.0	0.0	(0.3)	(0.4)	(0.7)
Consumer Discretionary	19.5	6.7	18.2	9.1	0.0	0.0	0.0	(0.4)	(0.4)
Consumer Staples	---	---	4.9	4.3	0.0	0.0	0.2	0.0	0.2
Integrated Oils	---	---	0.5	14.0	0.0	0.0	0.0	0.0	0.0
Other Energy	8.6	6.3	5.8	8.3	0.0	0.0	0.0	(0.2)	(0.2)
Materials and Processing	5.0	7.7	7.1	12.3	0.0	0.0	(0.1)	(0.2)	(0.3)
Producer Durables	10.4	4.4	6.7	9.9	0.0	0.0	0.1	(0.6)	(0.5)
Autos and Transportation	3.4	5.1	4.0	6.7	0.0	0.0	0.0	(0.1)	0.0
Financial Services	19.0	8.2	22.2	7.4	0.0	0.0	0.0	0.2	0.2
Utilities	2.8	13.3	9.4	10.4	0.0	0.0	(0.2)	0.1	(0.1)
Other	---	---	1.6	9.7	0.0	0.0	0.0	0.0	0.0
CASH	3.0	1.3	---	---	0.0	0.0	(0.2)	0.0	(0.2)

Currency USD

Policy Benchmark is Russell MidCap

Mercer Investment Consulting



## ATTRIBUTION SUMMARY

County of Milwaukee

Reinhart & Mahoney Cap Mgmt.

Period Ending December 31, 2006

### QTR

Portfolio Return	6.7
Policy Return	7.7
Net Management Effect	(1.0)
Currency	0.0
Allocation	(1.0)
Selection	0.0

Currency USD

Policy Benchmark is Russell MidCap

Mercer Investment Consulting

## ATTRIBUTION DETAIL

County of Milwaukee

Reinhart & Mahoney Cap Mgmt.

3 Months Ending December 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Currency</u>	<u>Net Management Effect</u>			
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Return</u>	<u>Ccy</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	6.7	100.0	7.7	0.0	0.0	(1.0)	0.0	(1.0)
EQUITY	92.2	7.1	100.0	7.7	0.0	0.0	(0.5)	0.0	(0.5)
Technology	12.7	1.9	10.6	4.5	0.0	0.0	(0.1)	(0.3)	(0.4)
Health Care	15.8	0.9	8.8	2.6	0.0	0.0	(0.4)	(0.3)	(0.7)
Consumer Discretionary	12.8	7.9	18.2	9.1	0.0	0.0	(0.1)	(0.1)	(0.2)
Consumer Staples	3.5	5.9	4.9	4.3	0.0	0.0	0.1	0.0	0.1
Integrated Oils	---	---	0.5	14.0	0.0	0.0	0.0	0.0	0.0
Other Energy	8.8	11.6	5.8	8.3	0.0	0.0	0.1	0.3	0.4
Materials and Processing	7.9	16.9	7.1	12.3	0.0	0.0	0.0	0.4	0.4
Producer Durables	7.1	10.3	6.7	9.9	0.0	0.0	0.0	0.0	0.0
Autos and Transportation	4.6	7.4	4.0	6.7	0.0	0.0	0.0	0.1	0.1
Financial Services	16.6	6.6	22.2	7.4	0.0	0.0	0.0	(0.2)	(0.2)
Utilities	2.3	19.8	9.4	10.4	0.0	0.0	(0.2)	0.2	0.0
Other	---	---	1.6	9.7	0.0	0.0	0.0	0.0	0.0
CASH	7.8	1.3	---	---	0.0	0.0	(0.5)	0.0	(0.5)

Currency USD

Policy Benchmark is Russell MidCap

Mercer Investment Consulting

# TOTAL EQUITY CHARACTERISTICS SUMMARY

# Employees' Retirement System of the County of Milwaukee

December 31, 2006

UNITED STATES DOLLAR		Westfield Capital Mgmt Co LLC		Russell 2000 Growth Index				
<b>Characteristics Summary</b>								
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	1.64	100%	1.21			
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	75%	22.5	80%	23.3			
	Portfolio Price/Book	100%	3.44	100%	3.53			
	Price/Cash Flow	94%	20.2	96%	19.6			
	Return on Equity - 5 Year Average	63%	9.2	70%	10.4			
	EPS Growth - 5 Years	32%	17.7	40%	20.6			
	Dividend Yield	100%	0.23	100%	0.43			
	Debt/Equity	91%	1.05	91%	0.67			
	Beta (vs. R3000)	88%	1.6	92%	1.5			
<b>Economic Sectors -</b>								
<b># holdings/% equity</b>	Technology	15	18.6%	226	17.4%			
Based on Russell	Health Care	17	27.4%	235	18.9%			
Sector Scheme	Consumer Discretionary and Services	13	18.2%	269	21.9%			
	Consumer Staples	0	0.0%	24	1.1%			
	Integrated Oils	0	0.0%	5	0.3%			
	Other Energy	5	8.4%	76	5.7%			
	Materials and Processing	5	7.0%	109	8.8%			
	Producer Durables	6	8.1%	98	8.4%			
	Autos and Transportation	3	3.5%	46	4.1%			
	Financial Services	7	9.0%	185	11.6%			
	Utilities	0	0.0%	17	1.3%			
	Other	0	0.0%	4	0.4%			
Account Number		1MIFLWESTSM2		IX1F00039058				

# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

## Employees' Retirement System of the County of Milwaukee Westfield Capital Mgmt Co LLC

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	1.64	100%	1.56	100%	1.72	100%	1.78	100%	1.58
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	75%	22.5	77%	23.1	77%	23.6	76%	26.4	73%	25.1
	Portfolio Price/Book	100%	3.44	100%	3.18	100%	3.21	99%	3.30	98%	3.09
	Price/Cash Flow	94%	20.2	93%	20.7	98%	23.8	96%	34.1	93%	18.4
	Return on Equity - 5 Year Average	63%	9.2	66%	7.7	65%	7.2	66%	6.5	68%	7.5
	EPS Growth - 5 Years	32%	17.7	32%	16.2	32%	17.3	33%	18.3	32%	14.9
	Dividend Yield	100%	0.23	100%	0.32	100%	0.43	100%	0.40	100%	0.38
	Debt/Equity	91%	1.05	93%	1.15	92%	1.00	94%	0.88	92%	0.83
	Beta (vs. R3000)	88%	1.6	88%	1.6	89%	1.7	87%	1.8	88%	1.7
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	15	18.6%	16	19.5%	13	16.5%	14	20.9%	13	19.2%
Based on Russell	Health Care	17	27.4%	15	26.6%	16	22.7%	16	22.4%	14	19.6%
Sector Scheme	Consumer Discretionary and Services	13	18.2%	10	15.4%	10	15.7%	10	16.1%	11	18.7%
	Consumer Staples	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Integrated Oils	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Other Energy	5	8.4%	5	7.8%	8	12.6%	9	12.2%	9	14.5%
	Materials and Processing	5	7.0%	5	8.2%	6	8.5%	4	6.0%	5	6.9%
	Producer Durables	6	8.1%	6	8.2%	7	7.9%	6	7.6%	4	6.5%
	Autos and Transportation	3	3.5%	2	2.8%	2	3.1%	2	1.8%	2	1.9%
	Financial Services	7	9.0%	8	11.4%	10	12.9%	10	13.0%	9	12.8%
	Utilities	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Account Number	1MIFLWESTSM2										

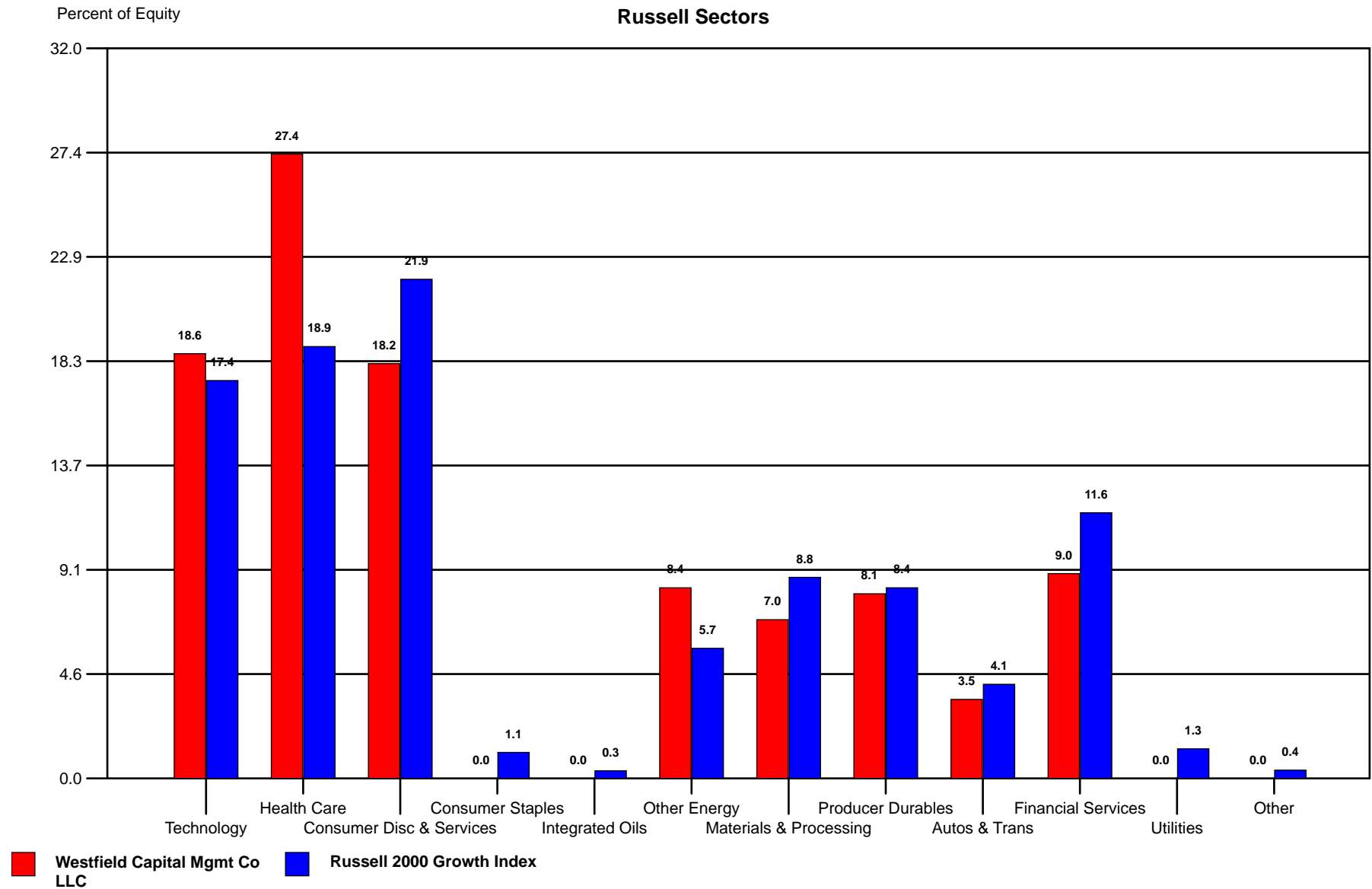
# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

# Employees' Retirement System of the County of Milwaukee Russell 2000 Growth Index

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	1.21	100%	1.10	100%	1.09	100%	1.37	100%	1.16
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	80%	23.3	80%	22.6	80%	24.0	80%	24.6	79%	22.4
	Portfolio Price/Book	100%	3.53	100%	3.37	100%	3.59	100%	3.82	99%	3.43
	Price/Cash Flow	96%	19.6	95%	18.9	96%	20.9	98%	23.0	97%	19.2
	Return on Equity - 5 Year Average	70%	10.4	71%	10.1	69%	9.4	73%	10.0	71%	10.2
	EPS Growth - 5 Years	40%	20.6	42%	18.0	42%	17.7	45%	17.9	44%	17.4
	Dividend Yield	100%	0.43	100%	0.46	100%	0.43	100%	0.43	100%	0.46
	Debt/Equity	91%	0.67	91%	0.66	91%	0.65	89%	0.63	91%	0.67
	Beta (vs. R3000)	92%	1.5	91%	1.6	89%	1.5	92%	1.5	92%	1.5
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	226	17.4%	228	17.7%	230	17.6%	243	18.8%	243	18.2%
Based on Russell	Health Care	235	18.9%	234	19.1%	235	19.1%	236	18.7%	237	19.5%
Sector Scheme	Consumer Discretionary and Services	269	21.9%	268	21.6%	265	20.8%	293	20.5%	289	21.3%
	Consumer Staples	24	1.1%	23	1.1%	23	1.1%	26	1.1%	27	1.0%
	Integrated Oils	5	0.3%	5	0.4%	6	0.6%	3	0.4%	3	0.4%
	Other Energy	76	5.7%	76	5.5%	73	6.1%	71	7.0%	67	6.7%
	Materials and Processing	109	8.8%	111	8.9%	110	8.9%	95	7.8%	94	7.2%
	Producer Durables	98	8.4%	101	8.3%	100	8.3%	100	8.3%	102	7.9%
	Autos and Transportation	46	4.1%	47	4.0%	48	4.7%	50	4.0%	49	3.9%
	Financial Services	185	11.6%	182	11.7%	181	11.2%	232	12.0%	235	12.5%
	Utilities	17	1.3%	15	1.2%	16	1.1%	22	0.8%	21	0.9%
	Other	4	0.4%	4	0.4%	4	0.4%	5	0.7%	4	0.6%
Account Number	IX1F00039058										

**TOTAL SUMMARY OF SECTOR DISTRIBUTION**  
**As of December 31, 2006**

**Employees' Retirement System of the County of Milwaukee**

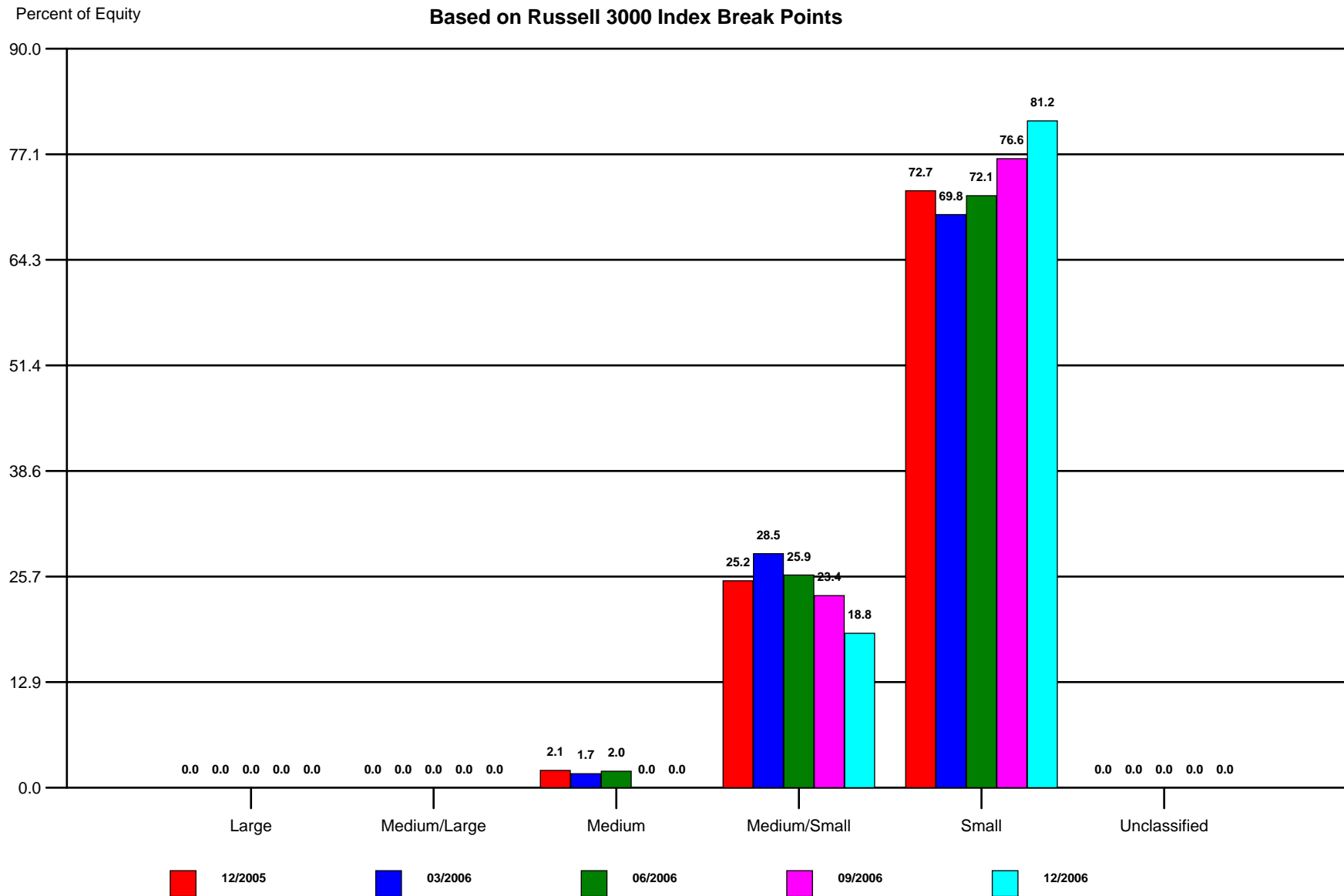


Mercer Investment Consulting

## TOTAL HISTORICAL SIZE OF COMPANIES

Employees' Retirement System of the County of Milwaukee

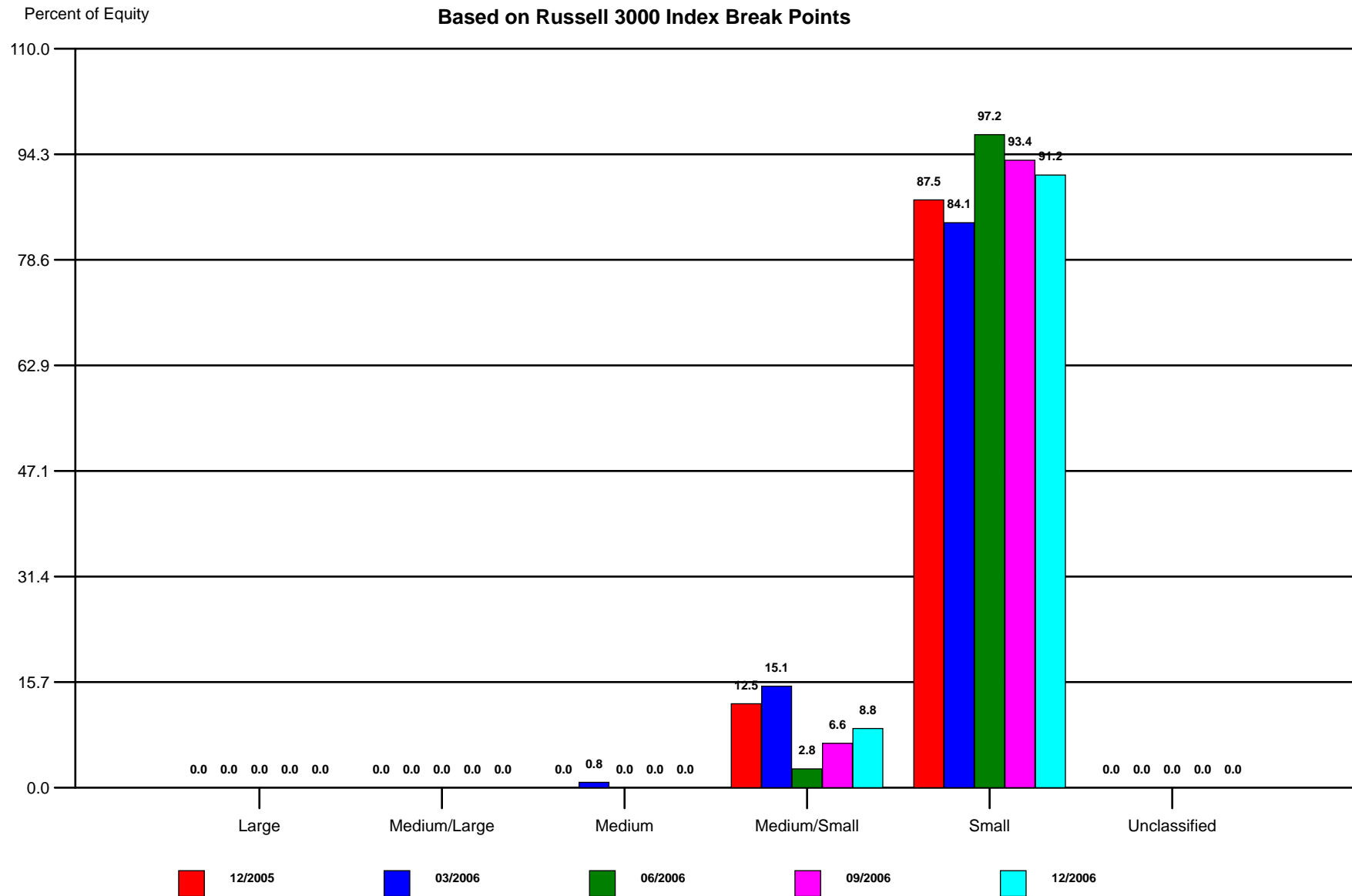
Westfield Capital Mgmt Co LLC



## TOTAL HISTORICAL SIZE OF COMPANIES

## Employees' Retirement System of the County of Milwaukee

### Russell 2000 Growth Index

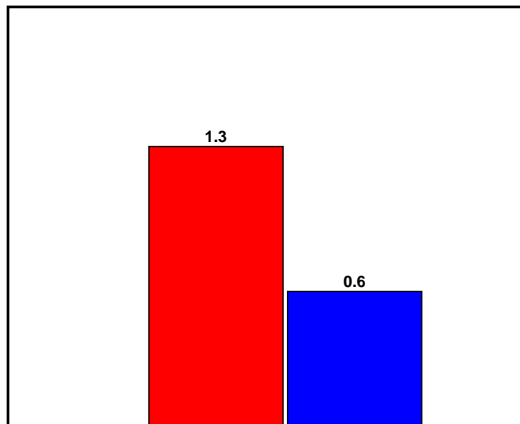




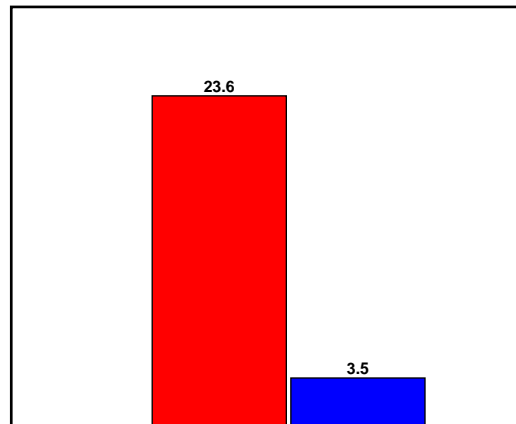
**TOTAL SUMMARY PORTFOLIO CHARACTERISTICS**  
As of December 31, 2006

**Employees' Retirement System of the County of Milwaukee**

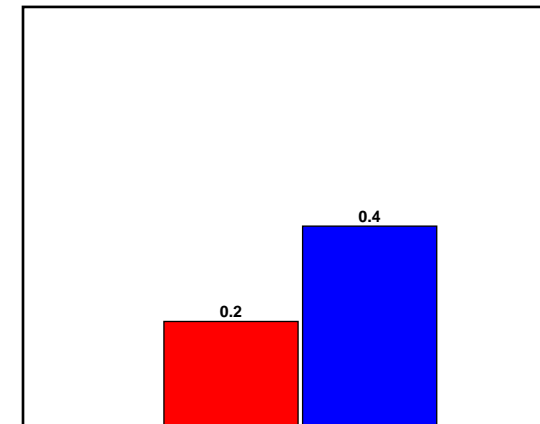
**Market Cap - Mdn (USD)**



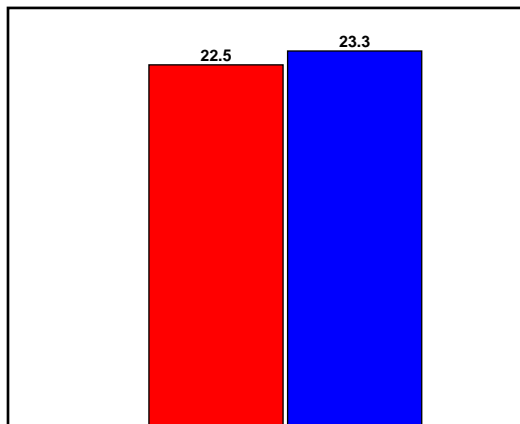
**% Ten Largest Holdings**



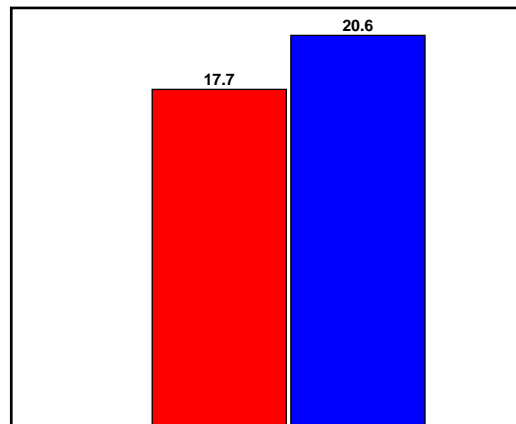
**Dividend Yield**



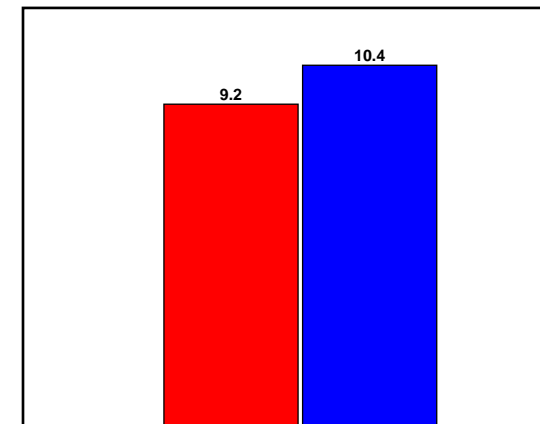
**PE (excl. Neg. Earnings)**



**EPS Growth - 5 Yrs**



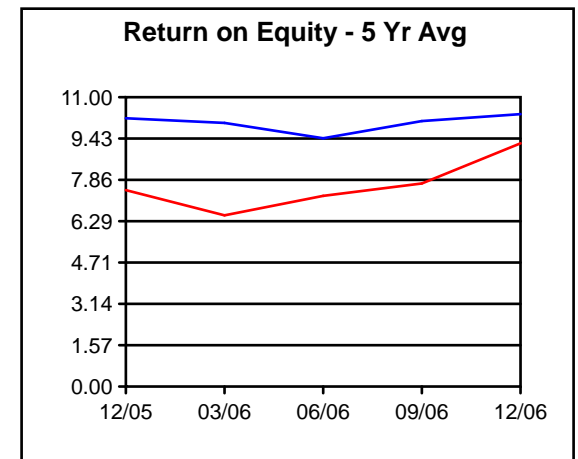
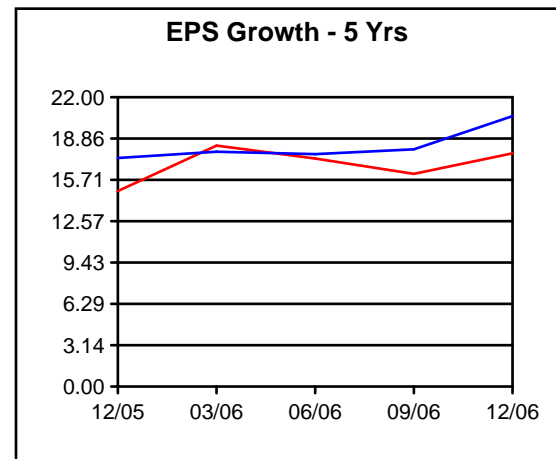
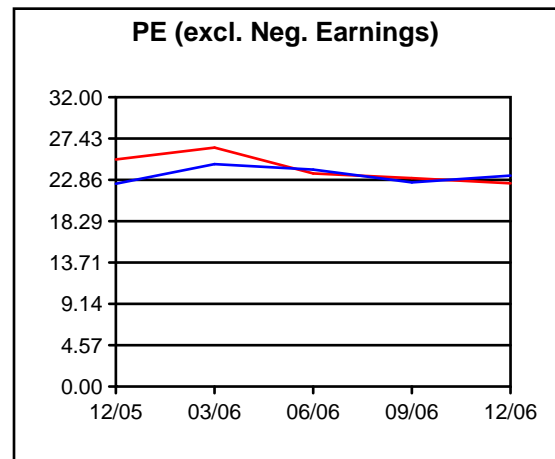
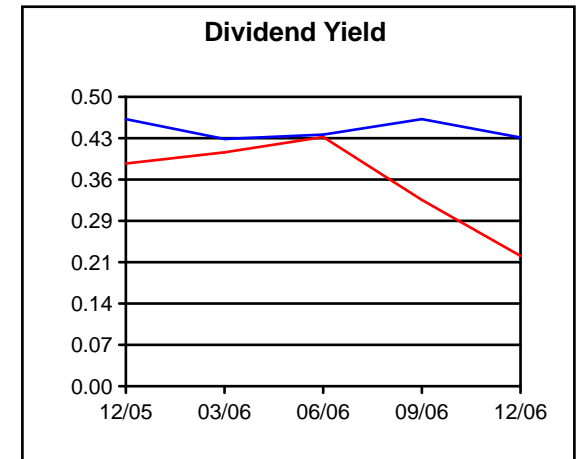
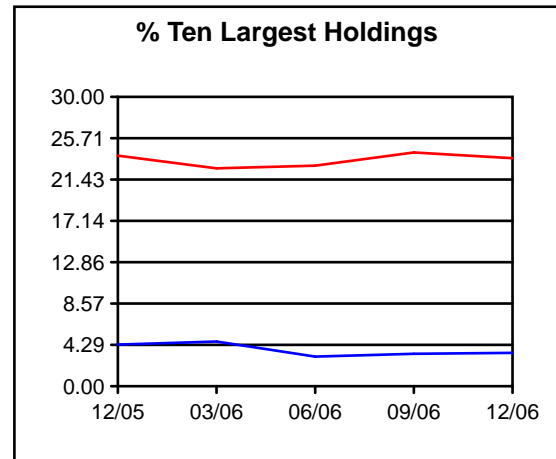
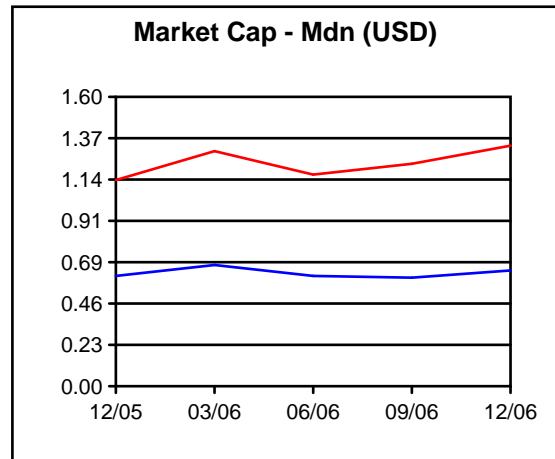
**Return on Equity - 5 Yr Avg**



■ Westfield Capital Mgmt Co LLC
 ■ Russell 2000 Growth Index

## HISTORICAL PORTFOLIO CHARACTERISTICS

## Employees' Retirement System of the County of Milwaukee



— Westfield Capital Mgmt Co LLC — Russell 2000 Growth Index

## ATTRIBUTION SUMMARY

County of Milwaukee

Westfield Capital Mgmt Co LLC

Period Ending December 31, 2006

### QTR

Portfolio Return	7.0
Policy Return	8.8
Net Management Effect	(1.8)
Allocation	(0.3)
Selection	(1.5)

Currency USD

Policy Benchmark is Russell 2000 Growth

Mercer Investment Consulting

## ATTRIBUTION DETAIL

County of Milwaukee

Westfield Capital Mgmt Co LLC

3 Months Ending December 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	7.0	100.0	8.8	(0.3)	(1.5)	(1.8)
EQUITY	98.2	7.1	100.0	8.8	0.0	(1.5)	(1.6)
Technology	18.6	8.1	17.5	7.8	0.0	0.1	0.1
Health Care	25.7	8.8	19.1	7.9	(0.1)	0.2	0.2
Consumer Discretionary	16.4	4.5	21.8	9.5	(0.1)	(0.8)	(0.9)
Consumer Staples	---	---	1.1	7.8	0.0	0.0	0.0
Integrated Oils	---	---	0.4	0.8	0.0	0.0	0.0
Other Energy	8.2	10.5	5.7	10.6	0.0	0.0	0.0
Materials and Processing	8.1	12.8	8.8	11.6	0.0	0.1	0.1
Producer Durables	7.9	4.4	8.3	9.4	0.0	(0.4)	(0.4)
Autos and Transportation	3.0	15.7	4.1	10.2	0.0	0.2	0.1
Financial Services	10.3	(0.5)	11.6	7.0	0.0	(0.8)	(0.8)
Utilities	---	---	1.2	5.8	0.0	0.0	0.0
Other	---	---	0.4	3.7	0.0	0.0	0.0
CASH	1.8	0.0	---	---	(0.2)	0.0	(0.2)

Currency USD

Policy Benchmark is Russell 2000 Growth

Mercer Investment Consulting

# TOTAL EQUITY CHARACTERISTICS SUMMARY

# Employees' Retirement System of the County of Milwaukee

December 31, 2006

UNITED STATES DOLLAR		AQR Capital Management, LLC		Russell 2000 Value Index				
<b>Characteristics Summary</b>								
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	1.64	100%	1.20			
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	89%	15.0	82%	18.3			
	Portfolio Price/Book	100%	1.76	99%	1.86			
	Price/Cash Flow	97%	10.0	95%	13.5			
	Return on Equity - 5 Year Average	91%	12.1	83%	9.8			
	EPS Growth - 5 Years	71%	12.0	60%	10.0			
	Dividend Yield	100%	2.07	100%	1.77			
	Debt/Equity	96%	1.05	94%	1.04			
	Beta (vs. R3000)	97%	1.0	94%	1.0			
<b>Economic Sectors -</b>								
<b># holdings/% equity</b>	Technology	16	4.3%	155	9.5%			
Based on Russell	Health Care	5	2.6%	99	4.2%			
Sector Scheme	Consumer Discretionary and Services	25	18.3%	254	17.4%			
	Consumer Staples	6	3.2%	38	3.0%			
	Integrated Oils	1	0.1%	3	0.1%			
	Other Energy	4	0.6%	46	3.5%			
	Materials and Processing	24	14.6%	117	9.7%			
	Producer Durables	9	5.2%	91	6.3%			
	Autos and Transportation	10	5.2%	51	3.4%			
	Financial Services	79	32.4%	395	35.5%			
	Utilities	15	12.2%	56	7.1%			
	Other	2	1.2%	5	0.3%			
Account Number		1MIFLAQREQ02		IX1F00039298				

**TOTAL EQUITY CHARACTERISTICS SUMMARY**  
**December 31, 2006**

**Employees' Retirement System of the County of Milwaukee**

UNITED STATES DOLLAR		Capital Guardian Trust Company		Grantham, Mayo, Van Otterloo		MSCI EAFE Index		MSCI EAFE Value Index		MSCI EAFE Growth Index	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	99%	53.52	98%	57.56	100%	59.99	99%	75.17	100%	44.76
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	96%	16.2	94%	12.8	97%	15.0	96%	13.0	97%	17.6
	Portfolio Price/Book	99%	2.60	98%	2.15	100%	2.44	99%	1.96	100%	3.23
	Price/Cash Flow	96%	10.4	91%	8.0	97%	9.6	96%	8.3	98%	11.5
	Return on Equity - 5 Year Average	93%	12.6	91%	17.3	94%	13.8	96%	11.8	91%	16.0
	EPS Growth - 5 Years	73%	15.4	81%	13.5	76%	14.3	78%	13.1	74%	15.5
	Dividend Yield	100%	1.96	100%	2.68	100%	2.46	100%	3.01	100%	1.92
	Debt/Equity	81%	0.64	82%	0.62	82%	0.67	78%	0.74	87%	0.60
	Beta (vs. R3000)	2%	1.9	1%	1.2	---	---	---	---	---	---
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	20	8.8%	74	2.2%	81	4.5%	26	1.5%	66	7.5%
Based on Russell	Health Care	11	7.3%	39	9.4%	54	7.1%	17	3.5%	42	10.7%
Sector Scheme	Consumer Discretionary and Services	25	9.1%	130	5.3%	202	8.5%	83	4.8%	143	12.2%
	Consumer Staples	11	4.2%	52	2.7%	65	6.3%	34	3.6%	35	9.1%
	Integrated Oils	6	3.8%	28	8.7%	14	5.3%	13	8.8%	3	1.8%
	Other Energy	7	2.5%	19	1.6%	23	1.5%	9	1.9%	17	1.1%
	Materials and Processing	36	16.3%	255	11.9%	236	13.4%	128	8.8%	141	17.9%
	Producer Durables	10	5.2%	75	4.0%	104	6.4%	41	3.0%	76	9.8%
	Autos and Transportation	15	6.2%	88	11.7%	96	6.5%	60	9.0%	51	3.9%
	Financial Services	47	26.3%	195	28.2%	191	27.6%	122	39.8%	93	15.4%
	Utilities	18	7.8%	84	12.0%	65	9.8%	39	12.8%	30	6.8%
	Other	4	2.3%	34	2.3%	33	3.0%	14	2.4%	21	3.7%
Account Number		1MIFLCAGINT2		1MIFLGMINT2		IX1G00059648		IX1G00136478		IX1G00138648	

# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

## Employees' Retirement System of the County of Milwaukee Capital Guardian Trust Company

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	99%	53.52	95%	47.00	98%	50.81	99%	49.57	99%	46.59
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	96%	16.2	90%	16.1	95%	15.8	95%	17.1	95%	17.2
	Portfolio Price/Book	99%	2.60	94%	2.39	98%	2.30	99%	2.59	99%	2.57
	Price/Cash Flow	96%	10.4	93%	9.5	96%	9.7	96%	10.4	99%	9.8
	Return on Equity - 5 Year Average	93%	12.6	92%	12.1	95%	12.2	95%	11.5	94%	10.8
	EPS Growth - 5 Years	73%	15.4	71%	14.9	73%	13.8	73%	11.5	71%	9.5
	Dividend Yield	100%	1.96	100%	2.00	100%	2.09	100%	1.85	100%	1.79
	Debt/Equity	81%	0.64	77%	0.59	85%	0.63	79%	0.58	86%	0.64
	Beta (vs. R3000)	2%	1.9	2%	1.9	2%	1.9	2%	1.9	2%	2.1
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	20	8.8%	20	8.8%	18	8.5%	18	9.5%	17	10.9%
Based on Russell	Health Care	11	7.3%	12	8.1%	13	8.5%	13	7.4%	13	8.0%
Sector Scheme	Consumer Discretionary and Services	25	9.1%	24	8.7%	23	9.3%	24	9.5%	23	9.4%
	Consumer Staples	11	4.2%	9	3.9%	9	3.9%	7	3.5%	8	3.5%
	Integrated Oils	6	3.8%	6	3.5%	6	4.0%	6	3.7%	4	3.6%
	Other Energy	7	2.5%	4	1.9%	3	2.3%	3	2.0%	4	2.1%
	Materials and Processing	36	16.3%	35	16.0%	32	16.1%	32	16.5%	34	16.5%
	Producer Durables	10	5.2%	9	5.1%	12	5.9%	13	5.8%	12	4.7%
	Autos and Transportation	15	6.2%	17	6.7%	13	5.8%	14	5.6%	10	4.3%
	Financial Services	47	26.3%	45	26.7%	39	25.0%	40	25.3%	36	24.5%
	Utilities	18	7.8%	16	8.1%	19	8.7%	17	9.3%	18	10.9%
	Other	4	2.3%	5	2.4%	5	2.0%	6	1.8%	5	1.5%
Account Number	1MIFLCAGINT2										

# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

# Employees' Retirement System of the County of Milwaukee Grantham, Mayo, Van Otterloo

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	98%	57.56	98%	54.95	102%	53.41	102%	49.50	103%	41.12
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	94%	12.8	93%	12.3	98%	12.1	99%	13.5	99%	12.9
	Portfolio Price/Book	98%	2.15	98%	2.03	101%	1.98	101%	2.29	102%	2.28
	Price/Cash Flow	91%	8.0	91%	7.2	96%	7.3	96%	8.0	101%	7.2
	Return on Equity - 5 Year Average	91%	17.3	92%	17.6	95%	19.1	94%	18.6	90%	16.4
	EPS Growth - 5 Years	81%	13.5	82%	12.4	84%	12.3	82%	11.4	81%	9.7
	Dividend Yield	100%	2.68	100%	2.78	100%	2.77	100%	2.53	100%	2.66
	Debt/Equity	82%	0.62	81%	0.62	86%	0.64	84%	0.63	89%	0.74
	Beta (vs. R3000)	1%	1.2	2%	1.2	2%	1.3	1%	1.3	1%	1.3
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	74	2.2%	75	1.9%	70	1.8%	80	2.0%	70	2.2%
Based on Russell	Health Care	39	9.4%	35	9.7%	32	10.9%	33	10.8%	44	11.5%
Sector Scheme	Consumer Discretionary and Services	130	5.3%	135	5.2%	134	5.4%	138	5.2%	136	5.5%
	Consumer Staples	52	2.7%	50	2.7%	44	2.5%	47	2.6%	50	3.4%
	Integrated Oils	28	8.7%	27	8.4%	24	9.4%	26	9.3%	27	7.9%
	Other Energy	19	1.6%	25	1.5%	23	1.6%	38	1.7%	42	2.2%
	Materials and Processing	255	11.9%	262	12.1%	255	12.4%	235	13.2%	230	11.8%
	Producer Durables	75	4.0%	83	4.0%	81	4.1%	81	4.5%	86	4.9%
	Autos and Transportation	88	11.7%	85	10.9%	87	11.2%	90	10.7%	87	7.4%
	Financial Services	195	28.2%	198	31.3%	213	30.7%	207	30.5%	213	30.3%
	Utilities	84	12.0%	83	10.0%	87	9.8%	94	9.1%	98	13.0%
	Other	34	2.3%	40	2.3%	40	0.3%	40	0.3%	43	(0.1%)
Account Number	1MIFLGMINT2										



# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

# Employees' Retirement System of the County of Milwaukee MSCI EAFE Index

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	59.99	99%	57.28	100%	57.92	100%	56.10	100%	52.84
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	97%	15.0	95%	14.6	97%	14.6	97%	15.6	97%	15.6
	Portfolio Price/Book	100%	2.44	99%	2.31	100%	2.25	99%	2.45	99%	2.45
	Price/Cash Flow	97%	9.6	97%	8.7	98%	8.9	98%	9.8	99%	8.8
	Return on Equity - 5 Year Average	94%	13.8	94%	14.0	95%	14.5	95%	13.9	93%	12.8
	EPS Growth - 5 Years	76%	14.3	76%	13.9	76%	13.4	77%	11.2	75%	7.9
	Dividend Yield	100%	2.46	100%	2.56	100%	2.59	100%	2.35	100%	2.25
	Debt/Equity	82%	0.67	82%	0.65	88%	0.73	86%	0.73	89%	0.74
	Beta (vs. R3000)	---	---	---	---	---	---	---	---	---	---
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	81	4.5%	82	4.6%	82	4.7%	80	4.9%	79	5.0%
Based on Russell	Health Care	54	7.1%	55	7.7%	56	7.9%	60	7.7%	61	8.0%
Sector Scheme	Consumer Discretionary and Services	202	8.5%	204	9.0%	206	9.0%	201	9.0%	203	9.3%
	Consumer Staples	65	6.3%	64	5.9%	64	5.6%	63	5.4%	62	5.6%
	Integrated Oils	14	5.3%	14	5.6%	14	6.0%	13	6.0%	14	6.2%
	Other Energy	23	1.5%	21	1.5%	21	1.6%	16	1.4%	16	1.3%
	Materials and Processing	236	13.4%	237	12.8%	239	13.1%	227	13.0%	226	12.4%
	Producer Durables	104	6.4%	100	6.2%	101	6.4%	100	6.6%	101	6.4%
	Autos and Transportation	96	6.5%	97	6.2%	96	6.1%	95	6.5%	96	6.6%
	Financial Services	191	27.6%	190	27.9%	190	27.2%	183	27.5%	179	26.5%
	Utilities	65	9.8%	67	9.7%	68	9.5%	68	9.3%	68	9.9%
	Other	33	3.0%	34	3.0%	34	3.0%	32	2.9%	32	2.7%
Account Number	IX1G00059648										

**COUNTRY ALLOCATION**  
**December 31, 2006**

**Employees' Retirement System of the County of Milwaukee**

UNITED STATES DOLLAR	Capital Guardian Trust Company		Grantham, Mayo, Van Otterloo		MSCI EAFE Index		MSCI EAFE Value Index		MSCI EAFE Growth Index	
Total Market Value	93.48M		166.35M		12.81T		6.43T		6.38T	
Percent Total/Equity Market Value	96.79%	90.49M	95.45%	158.78M	100.00%	12.81T	100.00%	6.43T	100.00%	6.38T
	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry
<b>AFRICA / MIDDLE EAST</b>										
Israel	100.00	0.11	100.00	0.14						
Mauritius			100.00	0.00						
South Africa	100.00	1.13	99.90	0.58						
<b>TOTAL AFRICA / MIDDLE EAST</b>		<b>1.24</b>		<b>0.71</b>						
<b>AMERICAS</b>										
Bermuda	100.00	0.53								
Brazil			99.53	1.41						
Canada	99.99	6.49	165.62	1.08						
Chile			100.00	0.03						
Mexico	100.00	1.30	100.00	0.67						
United States	0.00	-0.04	-1.07	-2.54						
<b>TOTAL AMERICAS</b>		<b>8.28</b>		<b>0.65</b>						
<b>ASIA / PACIFIC BASIN</b>										
Australia	100.01	2.55	115.29	1.25	100.00	5.57	100.00	5.62	100.00	5.52
China	100.00	0.11	98.79	0.95						
Hong Kong	100.00	1.67	199.04	0.64	100.00	1.78	100.00	1.79	100.00	1.76
India			97.42	0.28						
Indonesia			100.00	0.13						
Korea, South	100.00	1.10	87.86	2.55						
<b>Account Number</b>	<b>1MIFLCAGINT2</b>		<b>1MIFLGMINT2</b>		<b>IX1G00059648</b>		<b>IX1G00136478</b>		<b>IX1G00138648</b>	

**COUNTRY ALLOCATION**  
**December 31, 2006**

**Employees' Retirement System of the County of Milwaukee**

UNITED STATES DOLLAR	Capital Guardian Trust Company		Grantham, Mayo, Van Otterloo		MSCI EAFE Index		MSCI EAFE Value Index		MSCI EAFE Growth Index	
Total Market Value	93.48M		166.35M		12.81T		6.43T		6.38T	
Percent Total/Equity Market Value	96.79%	90.49M	95.45%	158.78M	100.00%	12.81T	100.00%	6.43T	100.00%	6.38T
	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry
<b>ASIA / PACIFIC BASIN (Cont'd)</b>										
Malaysia			100.00	0.35						
New Zealand			0.00	0.00	100.00	0.16	100.00	0.16	100.00	0.15
Philippines			100.00	0.20						
Singapore	100.00	1.20	36.33	2.01	100.00	0.95	100.00	0.97	100.00	0.94
Sri Lanka			100.00	0.00						
Taiwan	100.00	0.88	99.21	2.48						
Thailand			100.00	0.30						
<b>Total Pacific Basin Ex Japan</b>		<b>7.51</b>		<b>11.13</b>		<b>8.46</b>		<b>8.55</b>		<b>8.38</b>
Japan	100.00	25.31	72.05	28.27	100.00	22.55	100.00	23.18	100.00	21.92
<b>TOTAL ASIA / PACIFIC BASIN</b>		<b>32.82</b>		<b>39.40</b>		<b>31.01</b>		<b>31.73</b>		<b>30.30</b>
<b>EUROPE</b>										
Austria	100.00	0.53	100.00	0.76	100.00	0.62	100.00	0.62	100.00	0.62
Belgium	100.00	0.79	100.00	1.67	100.00	1.25	100.00	1.18	100.00	1.33
Denmark	100.00	0.42	101.40	0.17	100.00	0.82	100.00	0.84	100.00	0.80
Europe	0.00	3.24	0.00	-7.60						
Finland	100.00	1.02	100.00	1.77	100.00	1.43	100.00	1.28	100.00	1.59
France	100.00	11.21	98.99	9.21	100.00	10.10	100.00	10.08	100.00	10.13
Germany	100.00	4.80	75.22	9.69	100.00	7.44	100.00	7.50	100.00	7.38
Greece	100.00	0.16	100.00	0.00	100.00	0.64	100.00	0.63	100.00	0.66
<b>Account Number</b>	<b>1MIFLCAGINT2</b>		<b>1MIFLGMINT2</b>		<b>IX1G00059648</b>		<b>IX1G00136478</b>		<b>IX1G00138648</b>	

**COUNTRY ALLOCATION**  
**December 31, 2006**

**Employees' Retirement System of the County of Milwaukee**

UNITED STATES DOLLAR	Capital Guardian Trust Company		Grantham, Mayo, Van Otterloo		MSCI EAFE Index		MSCI EAFE Value Index		MSCI EAFE Growth Index	
Total Market Value	93.48M		166.35M		12.81T		6.43T		6.38T	
Percent Total/Equity Market Value	96.79%	90.49M	95.45%	158.78M	100.00%	12.81T	100.00%	6.43T	100.00%	6.38T
	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry
<b>EUROPE (Cont'd)</b>										
Hungary			100.00	0.00						
Ireland	100.00	0.76	100.00	0.68	100.00	0.89	100.00	0.86	100.00	0.91
Italy	100.00	0.57	99.04	3.25	100.00	3.88	100.00	3.79	100.00	3.97
Luxembourg	100.00	0.23								
Netherlands	100.00	4.57	99.34	7.93	100.00	3.39	100.00	3.27	100.00	3.51
Norway	100.00	0.54	4.31	2.98	100.00	0.92	100.00	0.93	100.00	0.91
Poland			100.00	0.10						
Portugal			100.00	0.00	100.00	0.35	100.00	0.34	100.00	0.35
Russia			99.97	0.81						
Spain	100.00	4.00	99.11	0.95	100.00	4.05	100.00	3.94	100.00	4.17
Sweden	100.00	0.66	28.01	5.34	100.00	2.61	100.00	2.63	100.00	2.59
Switzerland	100.00	8.51	34.28	9.65	100.00	6.88	100.00	6.94	100.00	6.83
Turkey			100.00	0.00						
Ukraine			0.00	0.00						
<b>Total Europe Ex United Kingdom</b>		<b>42.01</b>		<b>47.36</b>		<b>45.28</b>		<b>44.81</b>		<b>45.75</b>
United Kingdom	100.00	15.66	176.94	11.75	100.00	23.71	100.00	23.46	100.00	23.96
<b>TOTAL EUROPE</b>		<b>57.67</b>		<b>59.11</b>		<b>68.99</b>		<b>68.27</b>		<b>69.70</b>
<b>Account Number</b>	<b>1MIFLCAGINT2</b>		<b>1MIFLGMINT2</b>		<b>IX1G00059648</b>		<b>IX1G00136478</b>		<b>IX1G00138648</b>	

## COUNTRY ALLOCATION

December 31, 2006

## Employees' Retirement System of the County of Milwaukee

UNITED STATES DOLLAR	Capital Guardian Trust Company		Grantham, Mayo, Van Otterloo		MSCI EAFE Index		MSCI EAFE Value Index		MSCI EAFE Growth Index	
Total Market Value	93.48M		166.35M		12.81T		6.43T		6.38T	
Percent Total/Equity Market Value	96.79%	90.49M	95.45%	158.78M	100.00%	12.81T	100.00%	6.43T	100.00%	6.38T
	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry
OTHER										
Multiple Domicile			0.00	0.13						
TOTAL OTHER				0.13						
% in Developed Market Countries		94.84%		88.90%		100.00%		100.00%		100.00%
% in Emerging Market Countries		5.16%		11.10%		0.00%		0.00%		0.00%
Account Number		1MIFLCAGINT2		1MIFLGMYPNT2		IX1G00059648		IX1G00136478		IX1G00138648

# TOTAL EQUITY CHARACTERISTICS SUMMARY

# Employees' Retirement System of the County of Milwaukee

December 31, 2006

UNITED STATES DOLLAR		Capital Guardian Trust Company		MSCI World Ex-US SC					
<b>Characteristics Summary</b>									
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	96%	1.21	100%	1.21				
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	79%	18.6	87%	17.0				
	Portfolio Price/Book	95%	2.55	99%	2.22				
	Price/Cash Flow	95%	15.5	98%	11.4				
	Return on Equity - 5 Year Average	70%	10.3	86%	7.9				
	EPS Growth - 5 Years	48%	20.1	54%	14.1				
	Dividend Yield	100%	1.35	100%	1.85				
	Debt/Equity	80%	0.37	89%	0.48				
	Beta (vs. R3000)	---	---	---	---				
	<b>Economic Sectors -</b>								
<b># holdings/% equity</b>	Technology	17	6.8%	131	7.7%				
Based on Russell	Health Care	7	7.1%	70	5.1%				
Sector Scheme	Consumer Discretionary and Services	51	19.3%	275	19.1%				
	Consumer Staples	4	1.6%	67	4.6%				
	Integrated Oils	1	0.2%	8	0.4%				
	Other Energy	11	3.0%	56	5.3%				
	Materials and Processing	55	28.3%	302	26.4%				
	Producer Durables	32	12.2%	146	11.1%				
	Autos and Transportation	14	5.3%	93	5.5%				
	Financial Services	31	15.3%	158	11.8%				
	Utilities	1	0.1%	21	1.5%				
	Other	2	0.9%	18	1.4%				
	Account Number		1MIFLCAGISC2		IX1G00274048				

# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

## Employees' Retirement System of the County of Milwaukee Capital Guardian Trust Company

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	96%	1.21	98%	1.05	97%	1.08	97%	1.22	97%	1.29
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	79%	18.6	83%	16.3	85%	18.2	86%	19.9	89%	20.5
	Portfolio Price/Book	95%	2.55	97%	2.34	96%	2.35	96%	2.74	96%	2.70
	Price/Cash Flow	95%	15.5	97%	15.2	96%	13.7	96%	13.0	97%	12.5
	Return on Equity - 5 Year Average	70%	10.3	76%	9.3	77%	10.6	75%	8.8	73%	8.8
	EPS Growth - 5 Years	48%	20.1	52%	19.5	54%	20.4	53%	14.1	55%	13.2
	Dividend Yield	100%	1.35	100%	1.50	100%	1.41	100%	1.27	100%	1.19
	Debt/Equity	80%	0.37	82%	0.36	80%	0.35	81%	0.39	80%	0.37
	Beta (vs. R3000)	---	---	---	---	---	---	---	---	---	---
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	17	6.8%	18	8.1%	20	8.1%	21	8.6%	22	10.3%
Based on Russell	Health Care	7	7.1%	7	6.7%	6	5.2%	7	5.0%	7	3.8%
Sector Scheme	Consumer Discretionary and Services	51	19.3%	47	18.4%	48	19.7%	54	20.3%	60	23.4%
	Consumer Staples	4	1.6%	5	2.0%	6	1.9%	5	1.5%	6	1.9%
	Integrated Oils	1	0.2%	0	0.0%	0	0.0%	0	0.0%	2	0.2%
	Other Energy	11	3.0%	10	3.1%	11	3.7%	8	2.5%	8	1.4%
	Materials and Processing	55	28.3%	51	27.0%	47	28.0%	47	28.1%	44	24.9%
	Producer Durables	32	12.2%	34	13.9%	34	14.1%	36	14.3%	39	14.3%
	Autos and Transportation	14	5.3%	11	4.9%	11	4.9%	10	5.6%	10	4.5%
	Financial Services	31	15.3%	29	15.5%	29	13.5%	28	12.8%	35	14.3%
	Utilities	1	0.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Other	2	0.9%	3	0.3%	5	0.9%	5	1.4%	5	1.1%
Account Number	1MIFLCAGISC2										

# TOTAL EQUITY CHARACTERISTICS SUMMARY SEQUENTIAL

# Employees' Retirement System of the County of Milwaukee MSCI World Ex-US SC

UNITED STATES DOLLAR		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Characteristics Summary</b>											
<b>Portfolio</b>	Market Cap.- \$-Wtd Avg - \$ billion	100%	1.21	99%	1.16	100%	1.13	100%	1.35	100%	1.20
<b>Characteristics</b>	Portfolio P/E Excluding Neg. Earnings	87%	17.0	85%	16.4	87%	17.7	87%	20.3	86%	19.4
	Portfolio Price/Book	99%	2.22	99%	2.08	99%	2.08	100%	2.41	99%	2.29
	Price/Cash Flow	98%	11.4	98%	11.2	98%	11.6	99%	12.6	99%	11.9
	Return on Equity - 5 Year Average	86%	7.9	88%	8.1	86%	9.0	87%	8.7	85%	8.9
	EPS Growth - 5 Years	54%	14.1	57%	14.1	56%	13.9	56%	10.7	54%	10.0
	Dividend Yield	100%	1.85	100%	1.97	100%	1.96	100%	1.63	100%	1.65
	Debt/Equity	89%	0.48	88%	0.45	90%	0.46	90%	0.51	89%	0.50
	Beta (vs. R3000)	---	---	---	---	---	---	---	---	---	---
<b>Economic Sectors -</b>											
<b># holdings/% equity</b>	Technology	131	7.7%	133	7.9%	131	7.8%	108	8.2%	109	8.5%
Based on Russell	Health Care	70	5.1%	77	5.5%	77	5.5%	64	5.3%	64	5.2%
Sector Scheme	Consumer Discretionary and Services	275	19.1%	285	19.8%	285	20.0%	257	20.4%	263	21.4%
	Consumer Staples	67	4.6%	63	4.6%	64	4.3%	57	4.3%	57	4.5%
	Integrated Oils	8	0.4%	8	0.3%	8	0.3%	7	0.4%	7	0.5%
	Other Energy	56	5.3%	52	4.6%	54	4.8%	30	3.5%	30	3.4%
	Materials and Processing	302	26.4%	298	25.1%	299	24.1%	258	25.0%	260	23.7%
	Producer Durables	146	11.1%	152	10.8%	154	11.7%	123	11.8%	125	11.5%
	Autos and Transportation	93	5.5%	96	5.8%	96	5.7%	86	6.4%	87	6.7%
	Financial Services	158	11.8%	151	12.3%	153	12.3%	122	11.5%	123	11.5%
	Utilities	21	1.5%	21	1.2%	22	1.3%	18	1.3%	16	1.2%
	Other	18	1.4%	20	2.1%	21	2.1%	18	2.0%	19	1.9%
Account Number	IX1G00274048										



**COUNTRY ALLOCATION**  
**December 31, 2006**

**Employees' Retirement System of the County of Milwaukee**

UNITED STATES DOLLAR	Capital Guardian Trust Company		MSCI World Ex-US SC				
<b>Total Market Value</b>	<b>66.10M</b>		<b>755.88B</b>				
<b>Percent Total/Equity Market Value</b>	<b>95.70%</b>	<b>63.26M</b>	<b>100.00%</b>	<b>755.88B</b>			
	<b>% Cntry In Eq</b>	<b>% In Cntry</b>	<b>% Cntry In Eq</b>	<b>% In Cntry</b>			
<b>AFRICA / MIDDLE EAST</b>							
South Africa	100.00	0.11					
<b>TOTAL AFRICA / MIDDLE EAST</b>		<b>0.11</b>					
<b>AMERICAS</b>							
Bermuda	100.00	0.76					
Brazil	100.00	0.20					
British Virgin Islands	100.00	0.24					
Canada	100.00	9.55	100.00	9.89			
Cayman Islands	100.00	0.59					
Mexico	100.00	0.05					
United States	21.03	4.34					
<b>TOTAL AMERICAS</b>		<b>15.72</b>		<b>9.89</b>			
<b>ASIA / PACIFIC BASIN</b>							
Australia	100.00	5.14	100.00	7.64			
China	100.00	0.51					
Hong Kong	100.00	0.45	100.00	2.58			
Indonesia	100.00	0.17					
Korea, South	100.00	2.80					
New Zealand			100.00	0.98			
Singapore	100.00	6.00	100.00	1.99			
<b>Account Number</b>	<b>1MIFLCAGISC2</b>		<b>IX1G00274048</b>				

**COUNTRY ALLOCATION**  
**December 31, 2006**

**Employees' Retirement System of the County of Milwaukee**

UNITED STATES DOLLAR	Capital Guardian Trust Company		MSCI World Ex-US SC				
<b>Total Market Value</b>	<b>66.10M</b>		<b>755.88B</b>				
<b>Percent Total/Equity Market Value</b>	<b>95.70%</b>	<b>63.26M</b>	<b>100.00%</b>	<b>755.88B</b>			
	<b>% Cntry In Eq</b>	<b>% In Cntry</b>	<b>% Cntry In Eq</b>	<b>% In Cntry</b>			
<b>ASIA / PACIFIC BASIN (Cont'd)</b>							
<b>Total Pacific Basin Ex Japan</b>		<b>15.07</b>		<b>13.19</b>			
Japan	100.00	32.51	100.00	26.58			
<b>TOTAL ASIA / PACIFIC BASIN</b>		<b>47.58</b>		<b>39.77</b>			
<b>EUROPE</b>							
Austria	100.00	0.01	100.00	1.23			
Belgium	100.00	0.42	100.00	1.23			
Denmark	100.00	2.53	100.00	2.11			
Finland	100.00	0.59	100.00	1.39			
France	100.00	1.48	100.00	4.67			
Germany	100.00	6.20	100.00	4.22			
Greece	100.00	1.65	100.00	1.30			
Ireland	100.00	1.02	100.00	0.79			
Italy	100.00	0.95	100.00	2.93			
Luxembourg	100.00	2.21					
Netherlands	100.00	1.98	100.00	1.84			
Norway	100.00	0.97	100.00	2.82			
Portugal			100.00	0.26			
Spain			100.00	1.57			
Sweden	100.00	0.67	100.00	3.51			
<b>Account Number</b>	<b>1MIFLCAGISC2</b>		<b>IX1G00274048</b>				

**COUNTRY ALLOCATION**  
**December 31, 2006**

**Employees' Retirement System of the County of Milwaukee**

UNITED STATES DOLLAR	Capital Guardian Trust Company		MSCI World Ex-US SC				
Total Market Value	66.10M		755.88B				
Percent Total/Equity Market Value	95.70%	63.26M	100.00%	755.88B			
	% Cntry In Eq	% In Cntry	% Cntry In Eq	% In Cntry			
<b>EUROPE (Cont'd)</b>							
Switzerland	100.00	1.11	100.00	3.70			
<b>Total Europe Ex United Kingdom</b>		<b>21.79</b>		<b>33.57</b>			
United Kingdom	100.00	13.92	100.00	16.78			
<b>TOTAL EUROPE</b>		<b>35.72</b>		<b>50.34</b>			
<b>OTHER</b>							
Multiple Domicile	0.00	0.00					
<b>TOTAL OTHER</b>							
<b>% in Developed Market Countries</b>		<b>93.71%</b>		<b>100.00%</b>			
<b>% in Emerging Market Countries</b>		<b>6.29%</b>		<b>0.00%</b>			
<b>Account Number</b>	<b>1MIFLCAGISC2</b>		<b>IX1G00274048</b>				

## ATTRIBUTION SUMMARY

County of Milwaukee

Capital Guardian Trust Company

Period Ending December 31, 2006

### QTR

Portfolio Return	11.2
Policy Return	11.8
Net Management Effect	(0.5)
Currency	(0.6)
Allocation	(1.2)
Selection	1.3

Currency USD

Policy Benchmark is MSCI World Ex-US SC

Mercer Investment Consulting

## ATTRIBUTION DETAIL

County of Milwaukee

Capital Guardian Trust Company

3 Months Ending December 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Currency</u>	<u>Net Management Effect</u>			
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Return</u>	<u>Ccy</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	11.2	100.0	11.8	2.1	(0.6)	(1.2)	1.3	(0.5)
EQUITY	100.0	11.2	100.0	11.8	2.1	(0.6)	(1.2)	1.3	(0.5)
EUROPE	37.5	20.1	49.6	18.0	4.5	(0.3)	(0.7)	1.0	0.0
EUROPE ex UK	21.1	21.6	32.6	18.1	4.3	(0.3)	(0.6)	1.0	0.0
EURO	16.3	18.1	20.7	17.9	4.1	(0.1)	(0.5)	0.3	(0.2)
Austria	0.0	9.1	0.9	20.1	4.1	0.0	(0.1)	0.0	(0.1)
Belgium	0.4	12.3	1.8	10.1	4.1	0.0	0.1	0.0	0.0
Finland	0.7	40.0	1.4	24.0	4.1	0.0	(0.1)	0.1	0.0
France	1.7	9.9	4.3	16.8	4.1	(0.1)	(0.1)	(0.1)	(0.2)
Germany	6.0	16.7	4.0	17.9	4.1	0.0	0.1	(0.1)	0.1
Greece	1.5	44.7	1.4	19.9	4.1	0.0	0.0	0.4	0.4
Ireland	0.6	20.6	0.6	22.1	4.1	0.0	0.0	0.0	0.0
Italy	1.0	9.9	2.4	18.0	4.1	0.0	(0.1)	(0.1)	(0.2)
Luxembourg	2.1	2.8	---	---	4.1	0.1	(0.2)	0.0	(0.2)
Netherlands	2.2	22.6	2.1	16.1	4.1	0.0	0.0	0.1	0.1
Portugal	---	---	0.2	5.5	4.1	0.0	0.0	0.0	0.0
Spain	---	---	1.6	23.7	4.1	0.0	(0.1)	0.0	(0.2)
NON-EURO	4.8	33.7	11.9	18.4	4.7	(0.2)	(0.2)	0.6	0.3
Denmark	1.8	61.5	1.8	23.5	4.1	0.0	0.0	0.7	0.7
Norway	1.2	11.6	2.7	19.3	4.7	0.0	(0.1)	(0.1)	(0.2)
Sweden	0.5	27.5	3.5	19.0	7.1	(0.2)	0.0	0.1	(0.2)
Switzerland	1.3	14.8	3.9	15.1	2.7	0.0	(0.1)	0.0	(0.1)
UNITED KINGDOM	16.3	18.0	17.0	17.9	4.8	0.0	0.0	0.0	0.0
United Kingdom	16.3	18.0	17.0	17.9	4.8	0.0	0.0	0.0	0.0
PACIFIC BASIN	46.3	4.3	40.7	4.5	0.6	(0.2)	(0.4)	0.2	(0.5)

Currency USD

Policy Benchmark is MSCI World Ex-US SC

Mercer Investment Consulting

## ATTRIBUTION DETAIL

County of Milwaukee

Capital Guardian Trust Company

3 Months Ending December 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Currency</u>	<u>Net Management Effect</u>			
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Return</u>	<u>Ccy</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
PACIFIC BASIN ex JAPAN	11.0	20.7	12.2	17.9	4.2	0.0	0.3	0.0	0.2
Australia	5.2	12.3	6.8	18.4	5.6	(0.1)	0.0	(0.3)	(0.4)
Hong Kong	0.4	5.4	2.4	12.6	0.2	0.0	(0.1)	0.0	0.0
New Zealand	---	---	0.8	15.4	8.0	0.0	0.0	0.0	0.0
Singapore	5.3	30.3	2.2	24.3	3.4	0.1	0.3	0.3	0.7
JAPAN	35.3	(0.4)	28.4	(0.9)	(0.9)	(0.2)	(0.7)	0.2	(0.7)
Japan	35.3	(0.4)	28.4	(0.9)	(0.9)	(0.2)	(0.7)	0.2	(0.7)
NORTH AMERICA	10.1	12.9	9.7	11.4	(4.1)	0.0	0.0	0.1	0.1
Canada	10.1	12.9	9.7	11.4	(4.1)	0.0	0.0	0.1	0.1
United States	0.0	0.7	---	---	0.0	0.0	0.0	0.0	0.0
EMERGING MARKETS	6.2	10.3	---	---	0.0	0.0	(0.1)	0.0	(0.1)
Bermuda	1.1	(8.2)	---	---	0.0	0.0	(0.2)	0.0	(0.2)
Brazil	0.1	---	---	---	0.0	0.0	0.0	0.0	0.0
British Virgin Islands	0.2	83.5	---	---	4.8	0.0	0.1	0.0	0.1
Cayman Islands	0.6	7.7	---	---	(0.6)	0.0	0.0	0.0	0.0
China	0.3	93.1	---	---	1.3	0.0	0.2	0.0	0.2
Indonesia	0.4	4.8	---	---	2.6	0.0	0.0	0.0	0.0
Malaysia	---	---	---	---	0.0	0.0	0.0	0.0	0.0
South Africa	0.1	37.8	---	---	10.2	0.0	0.0	0.0	0.0
South Korea	3.4	7.9	---	---	1.8	0.0	(0.1)	0.0	(0.2)

Currency USD

Policy Benchmark is MSCI World Ex-US SC

Mercer Investment Consulting

**International Equity Managers**  
**Open Hedge Positions**  
As of December 31, 2006

<b>Currency</b>	<b>Capital Guardian (Int'l Core)</b>	<b>GMO (Int'l Intrinsic) (Value)</b>	<b>Capital Guardian (Int'l Small)</b>
Australian dollars (to US dollar)	—	0.01%	—
Canadian dollars (to US dollar)	—	0.02%	—
Canadian dollars (to UK pound)	—	—	—
Danish krone	—	—	—
Euro	—	0.21%	—
Hong Kong dollars (to US dollar)	—	—	—
Hong Kong dollars (to euro)	—	—	—
Japanese yen (to Canadian dollar)	—	—	—
Japanese yen (to US dollar)	—	0.09%	—
Japanese yen (to euro)	—	—	—
Japanese yen (to Australian dollar)	—	—	—
Mexican Peso (to euro)	—	—	—
New Zealand dollars	—	—	—
Norwegian krone	—	0.09%	—
Singapore dollars (to US dollar)	—	0.01%	—
Swedish krona	—	0.13%	—
Swiss francs	—	—	—
Swiss francs (to Canadian dollar)	—	—	—
Swiss francs (to US dollar)	—	0.08%	—
Swiss francs (to UK pound)	—	—	—
Swiss francs (to Japanese yen)	—	—	—
UK pound (to US dollar)	—	0.27%	—
UK pound (to euro)	—	—	—

**Employees' Retirement System of the County of Milwaukee**  
**Fixed Income Characteristics**  
**As of December 31, 2006**

		Loomis		LB Aggregate Bond Index				
<b>Summary Statistics</b>	Total Portfolio Size (\$MM)		\$96.44		\$8,677.11			
	Average Quality		AA3		AAA			
	Average Coupon		5.46%		5.43%			
	Opt. Adj. Duration		7.26		4.55			
	Yield To Maturity		5.59%		5.35%			
<b>Sector Breakdown - % Market Value (Fixed)</b>	Treasury/Agency	10	33.17%	924	36.28%			
	Corporate	64	40.60%	3016	22.76%			
	Mortgage - Related	3	0.85%	28	39.27%			
	Asset - Backed	3	2.12%	506	1.18%			
	Muni	---	---	15	0.16%			
	Preferred	---	---	1	0.00%			
	Other	8	6.50%	53	0.34%			
	Non US	15	16.76%	---	---			
<b>Quality Breakdown - % Market Value (Fixed, Conv., Cash)</b>	US Treasuries	5	26.09%	136	25.50%			
	Agency	8	8.29%	758	49.69%			
	Aaa	7	7.04%	620	3.74%			
	Aa1-Aa3	7	5.74%	553	5.11%			
	A1-A3	8	8.95%	1144	7.48%			
	Baa1-Baa3	62	37.05%	1197	7.70%			
	Ba1-Ba3	3	1.62%	19	0.12%			
	B1-B3	---	---	1	0.00%			
	Caa1-Caa3	---	---	1	0.00%			
	Ca	---	---	---	---			
	C	---	---	---	---			
	Other	---	---	---	---			
	Not Rated	7	5.23%	114	0.66%			
<b>Maturity Breakdown - % Market Value (Fixed, Conv., Cash)</b>	Less Than 1 Year	3	2.90%	---	---			
	1 - 3 Years	11	20.30%	978	18.81%			
	3 - 5 Years	15	13.89%	882	12.70%			
	5 - 7 Years	6	5.65%	607	6.77%			
	7 - 10 Years	18	9.32%	739	9.97%			
	10 - 15 Years	5	1.71%	238	3.43%			
	15 - 20 Years	1	0.65%	145	2.25%			
	20 Yrs And Above	45	43.07%	891	6.72%			
	Not Rated/Cash	3	2.51%	63	39.34%			



**Employees' Retirement System of the County of Milwaukee**  
**Fixed Income Characteristics - Sequential**  
**Loomis**

		December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005
<b>Summary Statistics</b>	Total Portfolio Size (\$MM)	\$96.44	\$90.84	\$87.63	\$88.50	\$90.02
	Average Quality	AA3	AA3	AA3	AA3	AA2
	Average Coupon	5.46%	5.51%	5.37%	5.07%	4.86%
	Opt. Adj. Duration	7.26	7.40	5.97	4.99	4.31
	Yield To Maturity	5.59%	5.61%	6.11%	5.73%	5.07%
<b>Sector Breakdown - % Market Value (Fixed)</b>	Treasury/Agency	10 33.17%	9 34.78%	13 34.82%	15 39.84%	17 48.21%
	Corporate	64 40.60%	53 39.49%	50 39.11%	39 37.52%	29 29.64%
	Mortgage - Related	3 0.85%	3 0.92%	3 0.91%	3 0.95%	3 1.00%
	Asset - Backed	3 2.12%	3 2.30%	2 1.58%	2 1.64%	2 1.67%
	Muni	---	---	1 0.67%	---	---
	Preferred	---	---	---	---	---
	Other	8 6.50%	4 4.86%	4 5.42%	1 2.53%	2 2.91%
	Non US	15 16.76%	15 17.65%	15 17.49%	15 17.52%	14 16.58%
<b>Quality Breakdown - % Market Value (Fixed, Conv., Cash)</b>	US Treasuries	5 26.09%	4 27.02%	8 27.75%	10 31.84%	11 36.98%
	Agency	8 8.29%	8 8.75%	8 8.90%	8 8.87%	9 10.72%
	Aaa	7 7.04%	6 6.40%	5 5.33%	5 5.10%	5 5.00%
	Aa1-Aa3	7 5.74%	7 6.04%	8 7.38%	7 6.75%	6 5.14%
	A1-A3	8 8.95%	7 8.47%	7 8.27%	5 6.51%	3 5.37%
	Baa1-Baa3	62 37.05%	48 34.30%	47 36.98%	36 35.61%	29 27.24%
	Ba1-Ba3	3 1.62%	3 1.68%	2 1.27%	2 1.27%	1 0.65%
	B1-B3	---	---	---	---	---
	Caa1-Caa3	---	---	---	---	---
	Ca	---	---	---	---	---
	C	---	---	---	---	---
	Other	---	---	---	---	---
	Not Rated	7 5.23%	8 7.34%	7 4.13%	7 4.05%	7 8.89%
	Less Than 1 Year	3 2.90%	2 2.16%	3 3.64%	5 7.49%	5 11.54%
<b>Maturity Breakdown - % Market Value (Fixed, Conv., Cash)</b>	1 - 3 Years	11 20.30%	11 21.56%	14 30.85%	15 34.48%	14 34.04%
	3 - 5 Years	15 13.89%	13 13.08%	13 10.98%	12 9.82%	13 10.97%
	5 - 7 Years	6 5.65%	6 5.74%	6 7.49%	7 8.74%	11 10.61%
	7 - 10 Years	18 9.32%	16 10.03%	15 9.39%	12 8.49%	10 6.73%
	10 - 15 Years	5 1.71%	3 1.34%	3 1.34%	3 1.38%	4 1.42%
	15 - 20 Years	1 0.65%	1 0.62%	2 5.71%	2 5.82%	1 0.64%
	20 Yrs And Above	45 43.07%	36 42.18%	33 29.56%	21 22.76%	12 21.63%
	Not Rated/Cash	3 2.51%	3 3.30%	3 1.05%	3 1.03%	1 2.42%

**Employees' Retirement System of the County of Milwaukee**  
**Fixed Income Characteristics - Sequential**  
**LB Aggregate Bond Index**

		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Summary Statistics</b>	Total Portfolio Size (\$MM)	\$8,677.11		\$8,484.67		\$8,075.78		\$8,019.05		\$8,059.13	
	Average Quality	AAA		AAA		AAA		AAA		AAA	
	Average Coupon	5.43%		5.41%		5.37%		5.34%		5.32%	
	Opt. Adj. Duration	4.55		4.62		4.78		4.66		4.54	
	Yield To Maturity	5.35%		5.33%		5.83%		5.47%		5.05%	
<b>Sector Breakdown - % Market Value (Fixed)</b>	Treasury/Agency	924	36.28%	746	36.26%	749	36.50%	726	36.46%	718	36.72%
	Corporate	3016	22.76%	2960	22.62%	2927	22.71%	2866	22.79%	2872	23.13%
	Mortgage - Related	28	39.27%	26	39.09%	25	38.68%	27	38.71%	16	38.12%
	Asset - Backed	506	1.18%	471	1.18%	515	1.25%	516	1.25%	516	1.29%
	Muni	15	0.16%	15	0.16%	16	0.16%	14	0.17%	14	0.17%
	Preferred	1	0.00%	1	0.00%	1	0.00%	---	---	---	---
	Other	53	0.34%	87	0.68%	88	0.70%	79	0.61%	77	0.56%
	Non US	---	---	---	---	---	---	---	---	---	---
<b>Quality Breakdown - % Market Value (Fixed, Conv., Cash)</b>	US Treasuries	136	25.50%	133	25.85%	131	26.02%	130	26.25%	126	26.03%
	Agency	758	49.69%	601	49.14%	610	48.89%	591	48.67%	594	48.58%
	Aaa	620	3.74%	588	3.76%	591	3.88%	595	3.98%	607	4.00%
	Aa1-Aa3	553	5.11%	537	5.11%	536	5.04%	526	5.12%	505	4.74%
	A1-A3	1144	7.48%	1100	7.34%	1094	7.50%	1079	7.54%	1107	8.09%
	Baa1-Baa3	1197	7.70%	1233	8.06%	1235	7.89%	1202	7.75%	1201	7.95%
	Ba1-Ba3	19	0.12%	25	0.15%	29	0.16%	26	0.16%	22	0.14%
	B1-B3	1	0.00%	1	0.01%	---	---	---	---	2	0.01%
	Caa1-Caa3	1	0.00%	1	0.00%	---	---	---	---	---	---
	Ca	---	---	---	---	---	---	---	---	---	---
	C	---	---	---	---	---	---	---	---	---	---
	Other	---	---	---	---	---	---	---	---	---	---
	Not Rated	114	0.66%	87	0.59%	95	0.61%	79	0.53%	49	0.45%
	Less Than 1 Year	---	---	---	---	---	---	---	---	1	0.00%
<b>Maturity Breakdown - % Market Value (Fixed, Conv., Cash)</b>	1 - 3 Years	978	18.81%	913	19.06%	930	19.24%	941	19.04%	940	19.12%
	3 - 5 Years	882	12.70%	832	12.70%	852	13.20%	823	13.13%	799	12.65%
	5 - 7 Years	607	6.77%	586	6.61%	579	6.52%	547	6.46%	554	6.85%
	7 - 10 Years	739	9.97%	712	9.87%	709	10.05%	690	9.85%	735	10.23%
	10 - 15 Years	238	3.43%	227	3.26%	226	3.22%	222	3.45%	220	3.45%
	15 - 20 Years	145	2.25%	130	2.52%	127	2.50%	122	2.69%	120	2.78%
	20 Yrs And Above	891	6.72%	867	6.84%	854	6.56%	840	6.62%	828	6.77%
	Not Rated/Cash	63	39.34%	39	39.14%	44	38.72%	43	38.75%	16	38.14%

**Employees' Retirement System of the County of Milwaukee**  
**Fixed Income Characteristics**  
**As of December 31, 2006**

		Loomis, Sayles & Company, L.P.				
<b>Summary Statistics</b>	Total Portfolio Size (\$MM)	\$143.66				
	Average Quality	BA2				
	Average Coupon	6.71%				
	Opt. Adj. Duration	4.71				
	Yield To Maturity	7.09%				
<b>Sector Breakdown - % Market Value (Fixed)</b>	Treasury/Agency	2 6.01%				
	Corporate	107 88.22%				
	Mortgage - Related	--- ---				
	Asset - Backed	2 2.67%				
	Muni	--- ---				
	Preferred	--- ---				
	Other	3 3.10%				
	Non US	--- ---				
<b>Quality Breakdown - % Market Value (Fixed, Conv., Cash)</b>	US Treasuries	2 5.42%				
	Agency	--- ---				
	AAA	--- ---				
	AA1-AA3	--- ---				
	A1-A3	--- ---				
	Baa1-Baa3	21 14.18%				
	Ba1-Ba3	38 32.62%				
	B1-B3	42 26.42%				
	Caa1-Caa3	13 10.20%				
	Ca	--- ---				
	C	--- ---				
	Other	--- ---				
	Not Rated	8 11.17%				
<b>Maturity Breakdown - % Market Value (Fixed, Conv., Cash)</b>	Less Than 1 Year	3 0.86%				
	1 - 3 Years	8 10.59%				
	3 - 5 Years	11 8.49%				
	5 - 7 Years	10 6.50%				
	7 - 10 Years	24 15.37%				
	10 - 15 Years	23 16.48%				
	15 - 20 Years	10 11.51%				
	20 Yrs And Above	33 26.74%				
	Not Rated/Cash	2 3.45%				

**Employees' Retirement System of the County of Milwaukee**  
**Fixed Income Characteristics - Sequential**  
**Loomis, Sayles & Company, L.P.**

		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006		December 31, 2005	
<b>Summary Statistics</b>	Total Portfolio Size (\$MM)	\$143.66		\$145.26		\$142.07		\$146.71		\$143.84	
	Average Quality	BA2		BA2		BA2		BA2		BA2	
	Average Coupon	6.71%		6.78%		6.80%		6.80%		6.91%	
	Opt. Adj. Duration	4.71		4.75		4.87		4.70		4.62	
	Yield To Maturity	7.09%		7.54%		8.75%		7.69%		7.45%	
<b>Sector Breakdown - % Market Value (Fixed)</b>	Treasury/Agency	2	6.01%	2	7.38%	2	7.65%	2	7.42%	2	7.33%
	Corporate	107	88.22%	108	87.30%	103	86.70%	104	85.40%	104	85.05%
	Mortgage - Related	---	---	---	---	---	---	---	---	---	---
	Asset - Backed	2	2.67%	2	2.51%	2	2.49%	3	2.84%	4	2.93%
	Muni	---	---	---	---	---	---	---	---	---	---
	Preferred	---	---	---	---	---	---	---	---	---	---
	Other	3	3.10%	2	2.80%	3	3.17%	4	4.34%	6	4.68%
<b>Quality Breakdown - % Market Value (Fixed, Conv., Cash)</b>	Non US	---	---	---	---	---	---	---	---	---	---
	US Treasuries	2	5.42%	2	6.69%	2	6.76%	2	6.56%	2	6.72%
	Agency	---	---	---	---	---	---	---	---	---	---
	Aaa	---	---	---	---	1	0.52%	1	0.58%	1	0.57%
	AA1-AA3	---	---	---	---	---	---	---	---	---	---
	A1-A3	---	---	---	---	---	---	---	---	---	---
	Baa1-Baa3	21	14.18%	16	11.28%	11	10.01%	14	9.29%	17	11.62%
	Ba1-Ba3	38	32.62%	45	35.14%	48	35.39%	49	36.39%	53	35.78%
	B1-B3	42	26.42%	47	32.23%	44	30.08%	38	26.51%	34	27.45%
	Caa1-Caa3	13	10.20%	7	5.73%	7	6.12%	9	6.64%	8	6.53%
	Ca	---	---	---	---	---	---	---	---	---	---
	C	---	---	---	---	---	---	---	---	---	---
	Other	---	---	---	---	---	---	---	---	---	---
<b>Maturity Breakdown - % Market Value (Fixed, Conv., Cash)</b>	Not Rated	8	11.17%	7	8.93%	8	11.11%	13	14.02%	14	11.33%
	Less Than 1 Year	3	0.86%	4	2.01%	3	0.80%	2	0.37%	---	---
	1 - 3 Years	8	10.59%	9	12.10%	9	12.89%	8	10.81%	11	12.32%
	3 - 5 Years	11	8.49%	8	6.02%	10	4.88%	9	5.22%	9	5.47%
	5 - 7 Years	10	6.50%	10	6.22%	10	8.45%	11	8.95%	13	9.97%
	7 - 10 Years	24	15.37%	25	17.60%	22	16.27%	22	15.76%	17	10.77%
	10 - 15 Years	23	16.48%	24	16.07%	21	14.06%	24	15.46%	27	16.58%
	15 - 20 Years	10	11.51%	10	11.10%	12	11.91%	10	11.11%	12	12.13%
	20 Yrs And Above	33	26.74%	33	25.89%	32	25.53%	37	26.98%	37	30.27%
	Not Rated/Cash	2	3.45%	1	2.99%	2	5.20%	3	5.34%	3	2.48%

# Appendix

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Performance calculations have been made based on unaudited data provided by Mellon Trust. Returns for all Venture Capital holdings were provided by Adams Street Partners and Progress Investment. Adams Street Partners and Progress Investment provided market values for their respective accounts.

Returns for GMO are calculated net of fees.

**Total Fund Composite Market Index:**

- Prior to June 30, 1996: 35% S&P 500, 10% Russell 2000, 40% Lehman Brothers Government/Corporate, 10% Merrill Lynch High Yield, and 5% Mercer Real Estate Peer Group median.
- From July 1, 1996 through December 31, 1997: 27% S&P 500, 13% Russell 2000, 10% EAFE, 27% Lehman Brothers Government/Corporate, 9% Lehman Brothers Long Government/Corporate, 10% Merrill Lynch High Yield, 3% Mercer Real Estate Peer Group median, and 1% SB 90-Day Treasury Bills.
- From January 1, 1998 through June 30, 1999: 23% S&P 500, 16% Russell 2000, 10% EAFE, 3% MSCI Emerging Markets Free, 2% DFA International Small Stock Series Index, 23% Lehman Brothers Government/Corporate, 9% Lehman Brothers Long Government/Corporate, 10% Merrill Lynch High Yield, 3% Mercer Real Estate Peer Group median, and 1% SB 90-Day Treasury Bills.
- From July 1, 1999 through June 30, 2000: 23% S&P 500, 16% Russell 2000, 10% EAFE, 3% MSCI Emerging Markets Free, 2% MSCI Small Cap World (Ex-US), 32% Lehman Brothers Aggregate, 10% Merrill Lynch High Yield, 3% Mercer Real Estate Peer Group median, and 1% SB 90-Day Treasury Bills.
- From July 1, 2000 through October 31, 2005, the benchmark Index consists of: 23% S&P 500 Index, 16% Wilshire 4500 Index, 10% EAFE Index, 3% MSCI Emerging Markets Free Index, 2% MSCI World Ex US Small Cap Index, 32% Lehman Brothers Aggregate Bond Index, 10% Merrill Lynch High-Yield Master Index, 1% 90-Day Treasury Bills, and 3% Wilshire REIT Index.
- From November 1, 2005 through Present, the benchmark Index consists of 20% S&P 500 Index, 14% Wilshire 4500 Index, 16% MSCI EAFE Index, 4% MSCI World Ex US Small Cap Index, 35% Lehman Brothers Aggregate Bond Index, 7% Merrill Lynch High-Yield Master Index, 1% 90-Day Treasury Bills, and 3% Wilshire REIT Index.

**Composite Equity Index:**

- Includes 75% S&P 500 and 25% Russell 2000.

**Composite Fixed Income Index:**

- Includes 80% Lehman Brothers Government/Credit and 20% Merrill Lynch High Yield.
- Prior to 1985, the Lehman Brothers BAA Index was used as a proxy for the Merrill Lynch High Yield Index.

**Fixed Income Reference Index:**

- Utilized for Loomis Investment Grade portfolios.
- Prior to May 31, 1999: 50% Lehman Brothers Government/Corporate and 50% Lehman Brothers Long Government/Corporate.
- From June 1, 1999 through Present: Lehman Brothers Aggregate.

Russell/Mellon Trust Universes are created using custodial data and based on the assignment of the investment managers rather than on the types of assets held within a portfolio. Returns are gross of investment management fees (fees are treated as cash withdrawals) and provided on a monthly basis. Monthly returns will be linked to generate quarterly universes. Historical data is included back to January of 1987 where available.

The Billion Dollar Public Fund Universe consists of public defined benefit plans with at least \$1 billion in assets.

## Equity Manager Compliance

Equity Managers	Boston Partners	Artisan	EARNEST Partners	Hotchkis & Wiley	Reinhart & Mahoney	Westfield	AQR
Is the maximum position greater than 5% of the portfolio or 3% over the Index weight (8% for Artisan and Westfield)	No	No	No	Yes (1)	No	No	No
Is maximum sector allocation greater than 30% or 150% of the style benchmark industry? (5)	Yes	Yes	Yes	Yes	Yes	No	Yes
Does the portfolio consist of more than 5% in fixed income instruments? (15% for Artisan, U.S. Bancorp, Westfield, and Ariel)	Yes (3)	No	No	No	Yes (4)	No	No

(1) Hotchkis held slightly more than a 5.0% allocation to CA Inc. and Electronic Data Systems Corp at the end of 2007.

(2) Boston Partners and AQR have over 30% of assets in financials, which is below the allocation to the financial services sector for their respective Indices.

The equity managers had the following sector overexposures (150% of the style benchmark):

Boston Partners: technology, consumer discretionary, producer durables

Artisan: "other" sector

Earnest Partners: energy, health care and producer durables

Hotchkis: technology, consumer discretionary, materials and processing and producer durables

Reinhart: health care and autos and transportation

AQR: materials and processing, autos and transportation, utilities and "other"

(3) Boston Partners held close to 20% in cash at the end of the year, in preparation to transfer \$33 million in early January for rebalancing.

(4) Hotchkis & Wiley held 7.7% of assets in cash at the end of the quarter.



## Fixed Income Manager Compliance

<b>Fixed Income - Investment Grade</b>	<b>JP Morgan</b>	<b>Loomis Inv. Grade</b>	<b>Loomis High Yield</b>
Do bonds purchased or held have a minimum quality rating of Baa3 or BBB-?	Yes	Yes	—
Is the average portfolio quality A or better? (Baa2/BBB for Loomis Investment Grade)	Yes	Yes	---
Are any individual security holdings greater than 5% of the portfolio (@ purchase) (Cash equivalents, U.S. Government & Agency securities are exempted from this restriction)?	No	No	---
<b>Fixed Income - High Yield</b>			
Do bonds purchased or held have a minimum quality rating of B3 / B-?	---	---	Yes
Is the average portfolio quality Ba3 / BB- or higher?	---	---	Yes
Are any individual security holdings greater than 5% of the portfolio (@ purchase) (Cash equivalents, U.S. Government & Agency securities are exempted from this restriction)?	---	---	No

**Cash Equivalents Manager Compliance**  
**Boston Safe**

<b>CASH EQUIVALENTS</b>	<b>SHORT TERM MANAGEMENT FUND</b>
Is the duration of the portfolio between 1 to 2 years?	Yes
Is the duration of individual securities at most 3 years?	Yes
Does at least 75% of the securities in the portfolio have at least a minimum quality rating of A?	Yes
Do the remaining securities have a minimum rating of BBB/Baa?	Yes
Are CD's or Bankers Acceptances limited to banks whose long term debt is rated "B" or higher (Thomson BankWatch rating)?	Yes
Are Repurchase Agreements fully collateralized by U.S. Government or government agency securities?	Yes
Do securities of any one issuer rated less than A exceed 4% of the portfolio (at market)?	No
Do securities of any one issuer (excluding U.S Government securities) exceed 5% of the portfolio (@ market)?	No

## Policy Benchmarks

MANAGER	INCEPTION	UNIVERSE BENCHMARK	INDEX / INFLATION BENCHMARKS
<b>Large Cap Eq</b>			
Boston Partners	8/1/95		
< 1 market cycle (1-3 yrs)		Rank in upper 50% of Mercer LCV P.G.	Exceed (after fees) RU1000 Value + 1%
1 market cycle (4-6 yrs)		Rank in upper 45% of Mercer Equity Univ.	Exceed (after fees) S&P 500 + 1%
> 1 market cycle (7+ yrs)		N/A	Exceed (after fees) CPI + 6.5%
Mellon Russell 1000 Growth	5/31/01		
Any calendar year		N/A	> -0.50% vs. RU1000 Growth
Any 2 year calendar period		N/A	> -0.35% vs. RU1000 Growth
Any 3 year calendar period		N/A	> -0.30% vs. RU1000 Growth
Any 5 year calendar period		N/A	> -0.20% vs. RU1000 Growth
Mellon S&P 500	4/13/95		
Any calendar year		N/A	> -0.50% vs. S&P 500
Any 2 year calendar period		N/A	> -0.35% vs. S&P 500
Any 3 year calendar period		N/A	> -0.30% vs. S&P 500
Any 5 year calendar period		N/A	> -0.20% vs. S&P 500

## Policy Benchmarks

MANAGER	INCEPTION	UNIVERSE BENCHMARK	INDEX / INFLATION BENCHMARKS
<b>Mid &amp; Small Cap Eq</b>			
Artisan < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	6/12/00	Rank in upper 50% of Mercer MCG P.G. Rank in upper 40% of Mercer MCG P.G. N/A	N/A Exceed (after fees) RU Mid Cap Growth + 1% Exceed (after fees) CPI + 5.7%
Hotchkis and Wiley < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	3/1/05	Rank in upper 50% of Mercer MCV P.G. Rank in upper 40% of Mercer MCV P.G. N/A	Exceed (after fees) Russell MidCap Val + 1% Exceed (after fees) Russell MidCap Val + 1% Exceed (after fees) CPI + 5.7%
Earnest Partners < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	3/1/05	Rank in upper 50% of Mercer MC P.G. Rank in upper 40% of Mercer MC P.G. N/A	Exceed (after fees) Russell MidCap + 1% Exceed (after fees) Russell MidCap + 1% Exceed (after fees) CPI + 5.7%
Reinhart & Mahoney < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	3/1/05	Rank in upper 50% of Mercer MC P.G. Rank in upper 40% of Mercer MC P.G. N/A	Exceed (after fees) S&P 400 Exceed (after fees) S&P 400 Exceed (after fees) CPI + 5.7%
Westfield < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	2/6/01	Rank in upper 50% of Mercer SCG P.G. Rank in upper 40% of Mercer SCG P.G. N/A	Exceed (after fees) RU2000 Growth Exceed (after fees) RU2000 Growth Exceed (after fees) CPI + 5.9%
AQR < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	11/30/95	Rank in upper 50% of Mercer SCV P.G. Rank in upper 40% of Mercer SCV P.G. N/A	Exceed (after fees) RU2000 Value Exceed (after fees) RU2000 + 2.0% Exceed (after fees) CPI + 5.9%

## Policy Benchmarks

MANAGER	INCEPTION	UNIVERSE BENCHMARK	INDEX / INFLATION BENCHMARKS
<b>Int'l Eq</b>			
Cap. Guardian and GMO < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	9/1/94; 4/13/95	Rank in upper 50% of Mercer IE Univ. Rank in upper 40% of Mercer IE Univ. N/A	N/A Exceed (after fees) EAFE + 1% Exceed (after fees) CPI + 6.7%
<b>Int'l Small Cap Eq</b>			
Cap. Guardian < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	10/31/97	Rank in upper 50% of Mercer IESC P.G. Rank in upper 40% of Mercer IESC P.G. N/A	N/A Exceed (after fees) MSCI Wld ex-US SC + 1% Exceed (after fees) CPI + 6.9%
<b>Core Fixed</b>			
JP Morgan < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	10/1/96; 10/31/95	Rank in upper 50% of Mercer CIG F.I. P.G. Rank in upper 40% of Mercer F.I. Univ. N/A	N/A Exceed (after fees) LB Aggregate + 0.5% Exceed (after fees) CPI + 2.6%
Loomis	6/30/91; 9/1/94	Rank in upper 50% of Mercer CIG F.I. P.G. Rank in upper 40% of Mercer F.I. Univ. N/A	N/A Exceed (after fees) LB Aggregate + 0.5% Exceed (after fees) CPI + 2.6%
Mellon Any calendar year Any 2 year calendar period Any 3 year calendar period Any 5 year calendar period	1/31/96	N/A N/A N/A N/A	> -1.00% vs. LB Aggregate > -0.75% vs. LB Aggregate > -0.60% vs. LB Aggregate > -0.45% vs. LB Aggregate
<b>High Yield Fixed</b>			
Loomis, Sayles < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	11/30/82	Rank in upper 50% of Mercer HY F.I. P.G. Rank in upper 40% of Mercer F.I. Univ. N/A	N/A Exceed (after fees) ML High Yield +1.5% Exceed (after fees) CPI + 5.0%

## Policy Benchmarks

MANAGER	INCEPTION	UNIVERSE BENCHMARK	INDEX / INFLATION BENCHMARKS
<b>Real Estate</b>			
ING Clarion <i>1 market cycle (4-6 yrs)</i>	1/13/97	Rank in upper 40% of Mercer REITS Univ.	Exceed (after fees) Wilshire REIT + 1.0%
<b>Alternative Inv</b>			
Miller & Schroeder <i>1 market cycle (4-6 yrs)</i>	4/1/96	N/A	Exceed (after fees) ML 1-3 Year + 1.5%
<i>&gt; 1 market cycle (7+ yrs)</i>		N/A	Exceed (after fees) CPI + 4%
<b>Cash Eq</b>			
Mellon <i>Each 3 yr period</i>		N/A	Exceed (after fees) Donoghue MM + 0.5%; Exceed (after fees) CPI + 1%

## Fee Schedule

MANAGER	FEE SCHEDULE
<b><i>Large Cap Eq</i></b>	
Boston Partners	40 basis points on the first 15 million. 30 basis points on the next 25 million. 20 basis points on the next 25 million 15 basis points on the next 35 million. 10 basis points thereafter.
Mellon Russell 1000 Growth	5 basis points on the first 50 million. 4 basis points on the next 50 million. 2 basis points thereafter.
Mellon S&P 500	5 basis points on the first 50 million. 4 basis points on the next 50 million. 2 basis points thereafter.

MANAGER	FEE SCHEDULE
<b><i>Mid &amp; Small Cap Eq</i></b>	
Artisan	80 basis points on the first 50 million. 60 basis points on the next 50 million. 50 basis points thereafter.
Earnest Partners	100 basis points on the first 10 million. 75 basis points on the next 15 million. 60 basis points on the next 25 million. 50 basis points thereafter.
Hotchkis and Wiley	90 basis points on the first 15 million. 70 basis points on the next 35 million. 50 basis points thereafter.
Reinhart & Mahoney	60 basis points on the first 25 million. 50 basis points on the next 25 million. 40 basis points on the balance.
Westfield	100 basis points on the first 25 million. 75 basis points thereafter.
AQR	100 basis points on the entire balance.

## Fee Schedule

MANAGER	FEE SCHEDULE
<b><i>Int'l Eq</i></b>	
Cap. Guardian	70 basis points on the first 25 million. 55 basis points between 25-50 million. 42.5 basis points between 50-250 million. 37.5 basis points thereafter.
GMO	69 basis points on the entire balance.
<b><i>Int'l Small Cap Eq</i></b>	
Cap. Guardian	70 basis points on the first 25 million. 55 basis points between 25-50 million. 42.5 basis points between 50-250 million. 37.5 basis points thereafter.

MANAGER	FEE SCHEDULE
<b><i>Core Fixed</i></b>	
JP Morgan	20 basis points on the first 100 million. 15 basis points on the balance
Loomis	20 basis points on the first 10 million. 10 basis points thereafter.
Mellon	5 basis points on the first 50 million. 4 basis points on the nrxt 50 million. 2 basis points thereafter.
<b><i>High Yield Fixed</i></b>	
Loomis, Sayles	20 basis points on the first 10 million. 10 basis points thereafter.
<b><i>Real Estate</i></b>	
CRA	60 basis points on the first 10 million. 35 basis points thereafter. Performance fee equals the greater of zero, or 15% of the cumulative excess return through such date, minus the sum of all performance fees previously paid or outstanding.



**Performance Reconciliation**  
For the Quarter Ended December 31, 2006  
(Percent Return)

<b>MANAGER</b>	<b>Mercer Calculated Return</b>	<b>Manager Calculated Return</b>
<b><i>Large Cap Eq</i></b>		
Boston Partners	8.7	8.8
Mellon Russell 1000 Growth	5.9	5.9
Mellon S&P 500	6.6	6.7
<b><i>Mid &amp; Small Cap Eq</i></b>		
Hotchkis and Wiley	7.8	7.8
Artisan	6.9	6.9
Earnest Partners	4.4	4.4
Reinhart & Mahoney	6.7	6.6
Westfield	7.4	7.4
<b><i>Int'l Eq</i></b>		
Cap. Guardian	8.7	8.7
Grantham, Mayo (Net)	9.9	9.9
<b><i>Int'l Small Cap Eq</i></b>		
Cap. Guardian	11.6	11.6
<b><i>Core Fixed</i></b>		
JPMorgan	1.2	1.2
Mellon	1.2	1.2
Loomis, Sayles	1.9	1.8
<b><i>High Yield Fixed</i></b>		
Loomis, Sayles	4.1	4.2
<b><i>Real Estate</i></b>		
ING Clarion (Net)	9.7	9.6

**Employees' Retirement System of the County of Milwaukee**  
Three Year Rankings Above Median

<u>Manager</u>	<u>Periods Ending</u>										
	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>3/31/05</u>	<u>6/30/05</u>	<u>9/30/05</u>	<u>12/31/05</u>	<u>3/31/06</u>	<u>6/30/06</u>	<u>9/30/06</u>	<u>12/31/06</u>
<i>Large Cap Value Equity</i> Boston Partners	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
<i>Mid Cap Core Equity</i> EARNEST Partners				Hired	NA	NA	NA	NA	NA	NA	NA
Reinhart & Mahoney				Hired	NA	NA	NA	NA	NA	NA	NA
U.S. Bancorp	Yes	Yes	Yes	Term							
<i>Mid Cap Value Equity</i> Hotchkis & Wiley				Hired	NA	NA	NA	NA	NA	NA	NA
<i>Mid Cap Growth Equity</i> Artisan Partners	Yes	Yes	No	No	No	No	No	No	No	No	No
<i>Small Cap Equity</i> Ariel	Yes	No	No	No	No	No	No	No	No	Term	
Westfield	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No
AQR											Hired
<i>International Equity</i> Capital Guardian	No	No	No	No	No	No	No	No	Yes	No	No
GMO	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Small Cap International Equity</i> Capital Guardian	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Active Core Fixed Income</i> Loomis, Sayles	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
NCM	No	No	No	No	No	No	Term				
Wells (formerly Strong)	No	Yes	No	Yes	Yes	Yes	Term				
Columbia (Stein Rowe)	Term										
JP Morgan							Hired	NA	NA	NA	NA
<i>High Yield Fixed Income</i> Loomis, Sayles	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Real Estate</i> ING Clarion	No	No	No	No	No	No	No	No	No	No	No
Mercer Investment Consulting											

**Employees' Retirement System of the County of Milwaukee**  
Three Year Performance Above Benchmark Index

<u>Manager</u>	<u>Periods Ending</u>										
	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>3/31/05</u>	<u>6/30/05</u>	<u>9/30/05</u>	<u>12/31/05</u>	<u>3/31/06</u>	<u>6/30/06</u>	<u>9/30/06</u>	<u>12/31/06</u>
<i>Large Cap Value Equity</i> Boston Partners	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
<i>Mid Cap Core Equity</i> EARNEST Partners				Hired	NA	NA	NA	NA	NA	NA	NA
Reinhart & Mahoney				Hired	NA	NA	NA	NA	NA	NA	NA
U.S. Bancorp	Yes	Yes	Yes	Term							
<i>Mid Cap Value Equity</i> Hotchkis & Wiley				Hired	NA	NA	NA	NA	NA	NA	NA
<i>Mid Cap Growth Equity</i> Artisan Partners	Yes	No	No	No	No	No	No	No	No	No	Yes
<i>Small Cap Equity</i> Ariel	Yes	Yes	No	No	No	No	No	No	No	Term	
Westfield	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes
AQR											Hired
<i>International Equity</i> Capital Guardian	No	Yes	No	No	No	No	No	No	No	No	No
GMO	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Small Cap International Equity</i> Capital Guardian	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Active Core Fixed Income</i> Loomis, Sayles	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
NCM	No	No	No	No	Yes	Yes	Term				
Wells (formerly Strong)	No	Yes	Yes	Yes	Yes	Yes	Term				
Columbia (Stein Rowe)	Term										
JP Morgan							Hired	NA	NA	NA	NA
<i>High Yield Fixed Income</i> Loomis, Sayles	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Real Estate</i> ING Clarion	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mercer Investment Consulting											

**Employees' Retirement System of the County of Milwaukee**  
Five Year Rankings Above Median

	Periods Ending										
Manager	6/30/04	9/30/04	12/31/04	3/31/05	6/30/05	9/30/05	12/31/05	3/31/06	6/30/06	9/30/06	12/31/06
Large Cap Value Equity											
Boston Partners	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Mid Cap Core Equity											
EARNEST Partners				Hired	NA	NA	NA	NA	NA	NA	NA
Reinhart & Mahoney				Hired	NA	NA	NA	NA	NA	NA	NA
U.S. Bancorp	Yes	Yes	Yes	Term							
Mid Cap Value Equity											
Hotchkis & Wiley				Hired	NA	NA	NA	NA	NA	NA	NA
Mid Cap Growth Equity											
Artisan Partners	NA	NA	NA	NA	Yes	Yes	Yes	Yes	No	No	No
Small Cap Equity											
Ariel	No	No	Yes	Yes	No	No	No	No	No	Term	
Westfield	NA	NA	NA	NA	NA	NA	NA	No	Yes	No	Yes
AQR											Hired
International Equity											
Capital Guardian	Yes	No	No	No	No	No	No	No	No	No	No
GMO	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Small Cap International Equity											
Capital Guardian	No	No	No	No	No	No	No	No	Yes	Yes	Yes
Active Core Fixed Income											
Loomis, Sayles	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
NCM	No	No	No	No	No	No	Term				
Wells (formerly Strong)	Yes	Yes	Yes	Yes	Yes	Yes	Term				
Columbia (Stein Rowe)	Term										
JP Morgan							Hired	NA	NA	NA	NA
High Yield Fixed Income											
Loomis, Sayles	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Real Estate											
ING Clarion	No	No	No	No	No	No	No	No	No	No	No
Mercer Investment Consulting											

**Employees' Retirement System of the County of Milwaukee**  
Five Year Performance Above Benchmark Index

<u>Manager</u>	<u>Periods Ending</u>										
	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>3/31/05</u>	<u>6/30/05</u>	<u>9/30/05</u>	<u>12/31/05</u>	<u>3/31/06</u>	<u>6/30/06</u>	<u>9/30/06</u>	<u>12/31/06</u>
<i>Large Cap Value Equity</i> Boston Partners	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
<i>Mid Cap Core Equity</i> EARNEST Partners				Hired	NA	NA	NA	NA	NA	NA	NA
Reinhart & Mahoney				Hired	NA	NA	NA	NA	NA	NA	NA
U.S. Bancorp	Yes	Yes	Yes	Term							
<i>Mid Cap Value Equity</i> Hotchkis & Wiley				Hired	NA	NA	NA	NA	NA	NA	NA
<i>Mid Cap Growth Equity</i> Artisan Partners	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	No	Yes
<i>Small Cap Equity</i> Ariel	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Term	
Westfield	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes
AQR											Hired
<i>International Equity</i> Capital Guardian	Yes	Yes	No	No	No	No	Yes	Yes	No	Yes	No
GMO	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Small Cap International Equity</i> Capital Guardian	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes
<i>Active Core Fixed Income</i> Loomis, Sayles	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
NCM	No	No	No	Yes	Yes	Yes	Term				
Wells (formerly Strong)	Yes	Yes	Yes	Yes	Yes	Yes	Term				
Columbia (Stein Rowe)	Term										
JP Morgan							Hired	NA	NA	NA	NA
<i>High Yield Fixed Income</i> Loomis, Sayles	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Real Estate</i> ING Clarion	No	No	No	No	No	No	No	No	Yes	Yes	Yes
Mercer Investment Consulting											

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Style analysis graph time periods may differ reflecting the length of performance history available.

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